

## **Park Piedmont Advisors, LLC**

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**March 29, 2022**

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

This brochure provides information about the qualifications and business practices of Park Piedmont Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 312-722-6760 or via e-mail at [toml@parkpiedmont.com](mailto:toml@parkpiedmont.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 Park Piedmont Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Park Piedmont Advisors is 129451.

Park Piedmont Advisors is a registered investment adviser. 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 Summary of 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 the filing of our last annual updating amendment, dated March 31, 2021, we have the following material changes to report.

- Our Principal Office address has changed to 330 N. Wabash Ave., 23rd Floor, Chicago, IL 60611.
- We have amended this Brochure due to the new Department of Labor's Prohibited Transaction Exemption 2020-02 rule which requires investment advisors who provide advisory and investment management services to retirement accounts to provide certain acknowledgements to you. You can find these acknowledgements in Item 4 Advisory Business, below under the IRA Rollover Recommendations section.
- Item 15 Custody was updated to provide more transparency regarding wire transfers, Standing Letters of Authorization, Trustee Services and Client log-in Credentials.

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## Item 4 Advisory Business

### Description of Services

Park Piedmont Advisors is a Registered Investment Adviser primarily located in Chicago, Illinois with offices in New York, New York, Oakland, California, Springfield, New Jersey and Waretown, New Jersey. We are organized as a limited liability company under the laws of the State of Illinois and we have been providing investment advisory services since 2003. We provide investment advice to individuals, families, businesses and retirement plans. Nicholas Levinson and Thomas Levinson are the owners of the firm.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to Park Piedmont Advisors 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 Adviser Representative ("IAR") throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Portfolio Management Services

Our investment advice consists primarily of developing appropriate asset allocations for each client, and then implementing this allocation advice using primarily indexed investments. We use mostly indexed mutual funds and exchange traded funds (ETFs) for our indexed investments. These indexed investments are designed to track/match the results of the various parts of the markets in which we are investing. We do not engage in market timing, or individual stock or bond analysis. We do not provide financial planning services, but we do give specific advice on such financial goals as retirement, education, and large capital purchases, at no additional charge to our investment advisory clients (fees are discussed in Item 5).

Our asset allocation advice depends on each client's specific circumstances, financial goals, and ability to take investment risk. Asset allocation refers to the percentage mix of investments between safer, income producing investments, and riskier stock and high yield investments. We meet with each client periodically to make sure their allocation continues to be appropriate for their needs, and make changes as called for. We monitor investment portfolios on an ongoing basis, and rebalance portfolios as indicated by changes in market conditions that materially change your initial asset allocations and/or changes in your specific financial circumstances.

We manage \$918,722,737 as of December 31, 2021. Of this total, \$468,813,766 was discretionary and \$449,908,971 was nondiscretionary. When our firm has discretion we are able to make changes in your investments without your prior approval. When we do not have discretion, we must receive your approval prior to making changes in your investments. Whether accounts are discretionary or not discretionary, we cannot remove money or securities from your accounts without your specific written approval. (With your written approval, we are allowed to debit our investment advisory fees from your accounts.) (Fees are discussed in Item 5.)

Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. We do not participate in wrap fee programs.

Our advisory services are also offered to defined benefit plans, profit sharing plans and other plans subject to the Employee Retirement Income Securities Act. Our advice may include formation of an investment policy statement, as needed, asset allocation advice, portfolio management services, and investment performance monitoring.

In some cases, we may provide asset allocation advice on accounts not held at our recommended custodian, Charles Schwab (CS). In such cases, we will monitor these accounts on a periodic basis and provide you recommendations, as necessary. It is your responsibility to implement any recommendations we provide.

### **Advisory Services to Retirement Plans**

We offer investment advisory services to workplace retirement plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include plan-level advice regarding fund selection and investment options, education services and individualized investment advice to plan participants, investment performance monitoring, and/or ongoing investment reviews. These investment advisory services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification;
- Asset allocation;
- Risk tolerance; and
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Either party to the investment advisory agreement may terminate the agreement upon written notice to the other party in accordance with the terms of the agreement for services. The investment advisory fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **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") where applicable, we are providing the following acknowledgment to you.

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.

## Item 5 Fees and Compensation

### Portfolio Management Services

**Fees:** Our fee for portfolio management and advisory services is based on a percentage of the assets we manage, and ranges from 0.50% to 0.75% annually of those assets. For onboarding new clients, the following fee schedule applies: (a) For new client portfolios with less than \$1 million in assets, the firm's advisory fee is 0.75% of the assets under management; and (b) For new client portfolios with more than \$1 million in assets, the firm's advisory fee is 0.50% of the assets under management. Fees are negotiable. The fee we receive for our services is the only compensation we receive, and we receive no compensation from any of the mutual funds/ETFs ("funds") that we use, or from our custodian CS for any investments made in any of their funds. Amounts held in money market funds custodied at CS are included in assets under management for the purpose of calculating our advisory fee.

IARs of our firm are compensated for their services in an amount ranging from 66% to 90% of the net management fees received by us from the IARs' clients.

Fees are billed and payable every three months based on the value of your account on the last day of the three month period being billed. You are billed "in arrears," which means your first bill after becoming a client will come at the end of the first calendar quarter during which you were receiving our advice. We do not bill in advance for our services.

We will send you a statement of the managed assets that form the basis of your bill. In almost all cases, the fee you pay is deducted directly from your account maintained at CS, which is the qualified custodian holding your funds and securities. The deduction of fees from your account is done only with written authorization from you as part of our Investment Advisory Agreement, and the new account documents with CS, permitting the fees to be paid directly from your account. The qualified custodian, CS, will deliver an account statement to you monthly. These account statements will show all disbursements from your account, including the payment of our fee. You should review all statements for accuracy.

If you have accounts maintained away from CS (e.g., 401K or 403B plans at work), along with accounts maintained at CS, and if we provide on-going investment advice for these "outside" accounts, you may authorize us to debit one of your CS accounts for the fees associated with the outside accounts. If your accounts are not maintained at CS, we will send you an invoice for the fee, and you will be responsible for making payment.

Either you or the firm may terminate our advisory relationship upon written notice to the other. We do not charge pro rata fees in the event of a termination.

### Additional Fees and Expenses

Other fees clients pay are: (1) the management fees of the funds we use in implementing our asset allocation advice. These funds do not pay anything to us. (2) a transaction fee for each transaction, currently \$18, which is assessed and retained by our custodian, CS. We do not share in these transaction charges.

No one in our firm is compensated for the sale of any investment product. We do not use "load" mutual funds.

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, please refer to the "Brokerage Practices" section of this brochure.

We do not purchase securities on margin. However, there may be times when clients want to withdraw money from their accounts, and not sell existing securities positions, and the money withdrawn is withdrawn using margin (margin is a loan from the custodian, backed by the collateral of the value of the securities positions). Each client must sign a separate margin agreement with the custodian *before* margin is extended to that client account. Fees for advice on these securities are based on the total asset value of the account, which includes the value of the securities maintained on margin. Therefore, there is a potential conflict of interest here, in that we may have an incentive to encourage the use of margin, and in doing so, maintain higher account values, and therefore receive a higher fee. The use of margin also results in interest charges from the custodian, in addition to all other fees and expenses associated with the securities involved.

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

Separately, persons providing investment advice on behalf of our firm may be licensed as independent insurance agents and earn commission-based compensation for selling insurance products. Insurance commissions earned by these persons are separate and in addition to our firm's advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

### **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.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of the following:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.



If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  1. Employer retirement plans generally have a more limited investment menu than IRAs.
  2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have any questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. 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.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described above, based on assets under management, and are not charged on the basis of a share of capital gains, or capital appreciation, of, the funds in your advisory account.



## Item 7 Types of Clients

Most of our clients are individuals. They may have trust accounts or estate accounts, or business related retirement accounts, or other individual retirement accounts, or have connections with business entities or charitable organizations. We do not have any minimum account size. We have an annual minimum fee of \$2,000 (\$500 every three months), which can be lowered or waived at our discretion. We also provide advice to the retirement plans of small businesses and not-for-profit organizations.

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

### Our Methods of Analysis and Investment Strategies

We give advice on appropriate asset allocations for each client's specific circumstances, including your financial situation, objectives, risk tolerance, time horizon, liquidity needs, and various other suitability factors. We implement this advice with a variety of primarily indexed mutual funds and exchange traded funds (ETFs). We analyze the various indexed investments to decide which are appropriate for our clients. This analysis involves reviewing expense information for the fund, and how closely the fund's results match the results of the indexes the funds are designed to track.

We do not buy or evaluate individual stocks or bonds. We do not engage in strategies involving market timing, which is the effort to be in the markets that are going up, and out of the markets that are going down. We do buy broad based index funds, and certain specific sector funds, in an effort to add to the diversification of client portfolios. Diversification tends to smooth out investment results, in that all the investments in the portfolio are not likely to move in the same direction in the same time frame. The investments we use include stock funds and bond funds. Your restrictions and guidelines may affect the composition of your portfolio.

We tend to be long term investors, and do not trade extensively. While all investments involve the risk of declining values, we believe broad diversification with low cost indexed funds, and infrequent trading, provide certain advantages to our clients. However, clients need to be aware of the risks associated with indexed funds, mainly that the markets the funds are designed to track produce negative results. As we do not invest in individual stocks and bonds, we are able to avoid the risks that come with specific individual security selection.

Our firm also uses information produced by academic authors regarding efficient markets, asset allocation, index investing, and uncertainty and the difficulty of forecasting, when formulating advice.

Our strategies and investments may have tax implications, but tax efficiency is not a primary consideration in the management of your investments. Regardless of your account size or any other factors, we strongly recommend you consult with a tax professional regarding these tax implications. As a result of revised IRS regulations, custodians and broker-dealers began reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You should contact your tax advisor to determine if this accounting method is the right choice for you, and advise us if your tax advisor recommends another method, in which case we will advise the custodian accordingly.

### 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 elsewhere in this Brochure, we primarily recommend indexed mutual funds and exchanged traded funds (ETFs). Indexed investments are designed to track/match the results of the various parts of the markets in which we are investing without purchasing individual stocks or bonds. The indexed investments will be selected based on, but not limited to, the following criteria: the fund's investment objectives; the fund's management style and philosophy; the fund's management fee structure; and the industry sector in which the fund invests. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. The risks associated with indexed funds are mainly that the markets these funds are designed to track may produce negative results.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange 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.

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

## Item 9 Disciplinary Information

Park Piedmont Advisors has been registered and providing investment advisory services since October 2003. Neither our firm nor any of our management persons has any reportable disciplinary information.

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

Our firm has three individuals who are Investment Adviser Representatives and also certified public accountants at three different accounting firms. George Gotthold, Stuart Greenberg, and Richard Backer are licensed CPA's and the respective owners of George Gotthold Jr, CPA PC, Greenberg & Company, LLC, and Richard A. Backer CPA PC which are not affiliated with Park Piedmont Advisors, LLC. If you require accounting services, we may recommend you to one of these individuals. This may constitute a conflict of interest, as the firm may be rewarding its investment advisor representatives by referring business to their accounting practices. However, you are under no obligation to use their accounting services and may obtain comparable services and/or lower fees through other firms. Their activities as accountants do not conflict with their work for our firm, which involves providing investment advice as described in this Brochure. Advisory fees charged by our firm are separate and apart from the fees charged by the unaffiliated accounting firms.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are 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 insurance agents who are affiliated with our firm and the possible conflict of interest.

We do not recommend or select other investment advisors in the management of client portfolios.

### **Affiliations**

We are affiliated with Money & Meaning, LLC (dba LK Advisors) through common control and ownership. If you require customized family education, coaching and/or facilitation to help navigate complex life and/or family-owned business transitions, we will recommend that you use the services of our affiliate, LK Advisors. This practice presents a conflict of interest because we have a financial incentive to recommend the services of LK Advisors. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms. Our advisory services are separate and distinct from the services provided by LK Advisors.

## **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. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. 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.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

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

Neither our firm nor any of our Associated Persons 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 securities for you at the same time we or persons associated with our firm buy or sell such securities for our own accounts. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

We may buy or sell the same securities we recommend to clients, but they are all broadly traded indexed investments or sector funds, and any transactions we may make for our own accounts do not impact the market prices for these securities. Further, to mitigate any potential conflict of interest, it is our policy that we not have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

### **Brokerage Recommendation**

We do not maintain custody of your assets that we manage/on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw fees from your account (see *Item 15 - Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (referred to as Schwab, or CS), registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with CS. CS will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use CS as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. There is an \$18 transaction fee charged for purchases and sales of mutual funds.

Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain minimum amount of assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. We have determined that having Schwab execute the trades in your accounts is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services.



Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a certain minimum amount of their assets in accounts at Schwab. We do not use any of Schwab's research in managing our client portfolios.

**Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts, including software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting, services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a certain minimum amount of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This minimum assets requirement may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business, which is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services, and not Schwab's services that benefit only us.

We believe that Schwab 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 Schwab, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

### **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.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, 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 clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

Victor, Nicholas, and Thomas Levinson, Richard Backer, George Gotthold, and Stuart Greenberg, IARs of our firm, monitor your accounts on an ongoing basis, and conduct account reviews at least quarterly to ensure that your portfolio mix is consistent with your stated investment needs and objectives. This review occurs at the time of the quarterly billing to our clients, in a report that also provides client investment results using their asset allocation, and a model market indexed result for the same allocation. The quarterly review confirms that the client allocation is still within the appropriate range for each client, and investment changes are made, after consultation with the client, if the allocation has moved outside the appropriate range.

Additional portfolio reviews may be conducted based on various circumstances, including contributions to and withdrawals from your account, year-end tax planning, market moving and/or specific security events, and/or changes in your risk/return objectives.

Also, we make available to clients certain reports that are prepared by a third party data aggregator. These reports are available on-line at Orion Advisory Technology's portal and include the investment results of the client's portfolio, with their specific allocations, compared to a model index result with the same allocation, for a given time period. Additional reports are available such as quarterly billing report, holdings and evaluation reports, transaction reports, and performance reports. These reports are made available to clients at no extra charge. For clients who choose not to accept our offer for the Orion Portal access we provide you a written quarterly billing report, which includes the assets being billed, and shows the investment results of the client's portfolio, with their specific allocations, compared to a model index result with the same allocation, for a given time period.



In addition, at client meetings, we show the details of each position in the client's portfolio, classified as to cash, low risk bond funds, and higher risk bond and stock funds. We also present long term results, and addition and withdrawal history, for many clients, as needed. All reports are written. Periodic questions on portfolio positions and results are answered by email or written memo.

In addition, you will receive trade confirmations, monthly statements, and year-end tax statements from your account custodian.

## **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; however, please refer to the "Brokerage Practices" section above for disclosures on benefits we may receive resulting from our relationship with Schwab.

As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our firm may be licensed insurance agents that earn commission for recommending insurance products to you. For more information on this subject, refer to the "Fees and Compensation" section and the "Other Financial Industry Activities and Affiliations" section.

We have arrangements with employees of our firm, under which the individual receives compensation from us for the establishment of new client relationships. Employees who refer clients to us must comply with the requirements of the jurisdictions where they operate. The compensation is a percentage of the advisory fee you pay us for as long as you are our client, or until such time as our agreement with the solicitor expires. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation is contingent upon you entering into an advisory agreement with us. Therefore, the individual has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

## **Item 15 Custody**

We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with Charles Schwab (CS), an independent, qualified custodian (except for those clients who have made other custodial arrangements). You will receive monthly account statements from the independent, qualified custodian holding your funds and securities.

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.

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. We will also provide statements to you reflecting the amount of advisory fee deducted from your account(s).

You should compare our statements 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 us directly at the telephone number on the cover page of this brochure.

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An investment adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

Pursuant to Rule 206(4)-2 (the "Custody Rule"), we have taken steps to have controls and oversight in place to support the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter"). With respect to third party standing letters of authorization ("SLOA") where a client may grant us the authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have limited custody.

However, we are not required to comply with the surprise examination requirement of the Custody Rule if we are otherwise in compliance with the seven representations noted in the February 21, 2017 no-action letter as follows:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Where the Adviser acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC's no-action letter. Additionally, since many of those representations involve the qualified custodian's operations, we will collaborate closely with CS to ensure that the representations are able to be met.

### **Trustee Services**

Our firm serves as trustee for one client account for which we provide investment advisory services. Our capacity as trustee gives our firm custody over the single advisory account for which the firm serves as trustee. These accounts will be held with a bank, broker-dealer, or other qualified custodian. If Park Piedmont Advisors LLC acts as trustee for any of your advisory accounts, you will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. You should carefully review account statements for accuracy.

### **Use of Client Log-in Credentials**

Our firm or persons associated with our firm are in possession of client log-on information to certain clients' investment accounts. This service is offered at a client's request, for ease of access. In general, where our account access gives us the ability to control client funds and securities, we are deemed to have custody. 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.

## **Item 16 Investment Discretion**

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. This would be done by your granting us discretionary authority in our Investment Advisory Agreement that you sign when becoming a client, and/or with forms provided by CS when opening your accounts. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm (also as indicated in our Investment Advisory Agreement), we will obtain your approval prior to executing any transactions.

Granting us investment discretion does not authorize us to remove cash or securities from your accounts.

## **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 common stock or mutual funds, 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 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**

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

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

## **Item 19 Requirements for State Registered Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 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 nonpublic personal information about you to any nonaffiliated third parties, except as required 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 nonpublic 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 nonpublic 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 to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **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.

For accounts maintained at Schwab, if a profit results from the correcting trade, the gain will remain in your account. If a loss occurs, we will pay for the loss.

### **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. Information regarding class action lawsuits will come from CS.