



**NTB FINANCIAL**  
CORPORATION

**Form CRS**  
**Customer and Client Relationship Summary**  
September 28, 2022

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**ITEM 1. INTRODUCTION**

NTB Financial Corporation ("NTB", "NTB Financial" or "NTB Advisors") is a Securities and Exchange Commission ("SEC") registered (and FINRA and SIPC member) broker-dealer and a SEC Registered Investment Advisor (conducting investment advisory business as NTB Advisors). Our dual registration enables NTB Financial to provide clients the option to have a transaction-by-transaction relationship with us in a brokerage account or a broader investment advisory with account supervision relationship with us. Brokerage and investment advisory services, and the fees we charge for them, differ, and it's important that you understand the differences. *Free and simple tools are available to research investment firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS) which also provides educational materials about broker-dealers, investment advisors and investing.*

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**ITEM 2. RELATIONSHIPS AND SERVICES**

**What services and advice can you provide me?**

NTB Financial offers both securities brokerage and discretionary and non-discretionary investment advisory services to its retail investment clients. In a brokerage relationship, you are in control and make the investment decisions to buy or sell securities in your account(s). Your NTB Financial representative may recommend a security or several securities to purchase after interviewing you to determine what security(ies) may be in your best interest based on your personal profile, goals, risk tolerance and time horizon. Your representative may recommend purchasing stocks, bonds, mutual funds, options, Unit Investment Trusts ("UIT's"), Exchange Traded Funds ("ETF's") and other investments depending on your goals and objectives. NTB Financial does not limit your representative's ability to recommend the best security type and individual security to you nor does NTB internally publish preferred securities lists. In a brokerage relationship, your representative will not formally monitor your investments but you may expect periodic communication to review your investment holdings and assess whether they continue to meet your objectives if you establish that expectation with your representative. There are no minimum account sizes to open an NTB Financial brokerage account.

As an investment advisory client, you and your representative will jointly prepare an appropriate plan with investment allocations and security selections to achieve your goals. Thereafter, you may expect your representative to continuously monitor your account(s) and investment holdings and make changes to the composition as market conditions and/or your circumstances and objectives change if this is the arrangement you two make. Under our Discretionary Investment Management agreement, you may grant written investment authority for your NTB representative to execute sale and purchase trades in your accounts as conditions change without first consulting with you. You may limit the granted trading authority in writing when you complete and sign the Investment Management agreement. Under a Non-Discretionary Investment Agreement, you have not granted written trading authority to your representative. Therefore, he or she will consult with you before executing trades in your portfolio and you retain control to buy or sell each security recommended. We generally monitor Investment Advisory accounts on an ongoing basis to align with your investment goals. However, in limited-scope consulting or advisory relationships, we won't provide

ongoing monitoring. Our investment advisor representatives may require a minimum account size to have an investment advisory relationship with you.

**More detailed information regarding our NTB Advisors investment advisory services may be found in items 4, 7 and 8 of our Form ADV available at [NTB Financial](#).**

We recommend discussing the following items with our representative before entering into a brokerage or investment advisory relationship with him or her:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

### **ITEM 3. FEES, COSTS, CONFLICTS AND STANDARD OF CONDUCT**

#### **What fees will I pay?**

If your relationship is with NTB Financial in its broker-dealer capacity, you will pay a transaction fee on each securities trade made in your account(s). The transaction fee may be an agency commission charged as a percent of the trade amount or a markup of the difference between the price we buy the security from another broker-dealer and the price we charge you. Your trade will be charged one or the other but not both. The commission or markup amount will be disclosed on your trade confirmation or described in the security's Prospectus, if applicable. Trades may also incur other transaction fees for services such as postage and handling. Please note transaction-based charges may create an incentive for your representative to recommend transferring your account to NTB Financial, more frequent trading or securities with larger commissions than if their compensation was not transaction based.

If your relationship with NTB Financial (doing business as NTB Advisors) is in its investment advisory capacity, NTB will not charge transaction-based fees on your trades. Rather, we will charge a quarterly advisory fee computed as a percent of your account value with the rate disclosed in the fee attachment to the written Investment Management agreement governing your advisory relationship with us. We use Charles Schwab as the custodian and trade execution source for investment advisory clients and Charles Schwab may charge transaction-based fees for some of their execution services. Please note your investment advisor representative may be incentivized for you to transfer your account to NTB Financial, deposit more money into your account or leverage your account with the use of margin since he or she is paid a percent of the total value of your account.

***Additional information regarding investment advisory fees and other charges may be found in our Form ADV item 5 available at [NTB Financial](#).***

In addition to the fees summarized above, our custodian firms Hilltop Securities for brokerage and Charles Schwab for investment advisory accounts charge other ancillary account fees for such services as annual IRA Trustee or account maintenance fees and wire distribution fees. The custodian firms also earn revenue from the uninvested cash and money market balances held in your account(s) and from loans you may create (called margin) against your securities holdings. Hilltop Securities shares some of its ancillary revenue with us. Charles Schwab does not share any of its revenue. In addition to these account fees, certain investment products held in your brokerage and investment advisory account(s) such as mutual funds, UIT's and variable annuities charge

management and administrative fees to the net price of the security creating an indirect cost to you of holding these investment types.

*You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.*

**QUESTIONS TO ASK YOUR REPRESENTATIVE:**

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

*If you have a broker-dealer relationship with us, when we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. For example, because we are paid a transaction fee for each trade made your representative may have an incentive to recommend more frequent trades than they otherwise might. In addition, we receive compensation from third parties related to investments you make in certain products, including mutual funds, annuities, alternative investments, and other investments. This compensation includes distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges your investment holding and then pays to a portion to us.*

*When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. For example, our advisory fees computed on your total account value may create an incentive to recommend adding money or additional securities to your account or using margin to leverage your account net equity increasing your account's total assets upon which the fees are charged.*

**QUESTIONS TO ASK YOUR REPRESENTATIVE:**

- How might your conflicts of interest affect me, and how will you address them?

Some relevant topics include your decision to engage NTB Financial in a broker-dealer or investment advisor relationship, the pros and cons of rolling-over an employer sponsored qualified plan from your employer into an IRA account, trading fixed income securities on a principal basis and the recommendation of an investment product with a higher commission charge than another investment product with similar objectives.

**How do NTB Financial representatives make money?**

Most of our representatives are independent contractors, although a portion are employees. The agreement between each professional representative and NTB sets out the payments we make to them. NTB pays its representatives a percent of the transaction charges on trades in a brokerage account or a percent of the quarterly fee assessed in an investment advisory account. Some representatives are paid a larger percent on a sliding scale if they generate more revenue. Specifically, they are paid a larger share if they reach revenue breakpoints thereby creating incentives to produce more revenue generating business. You are welcome to ask your broker-dealer representative questions concerning the commission they earn on each trade and how it affects their recommendations.

The percent of revenue earned by representatives is paid monthly and is generally based on the total revenue earned without distinction as to the type of business conducted. NTB does not generally provide non-cash compensation.

Your representative is legally required to act in your best interest and not put his or her interests ahead of your own. We have systems in place to mitigate the conflicts of interest that arise from the way he or she makes money, including systems to review whether a recommendation is in your best interest.

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#### **ITEM 4. DISCIPLINARY HISTORY**

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##### **Does NTB Financial or my representative have a legal or disciplinary history?**

NTB Financial has, and your representative may have, one or several legal or regulatory disciplinary actions you are entitled to know. Visit [FINRA BrokerCheck](#) and [Investor.gov/CRS](#) for more information. They both have free and simple search tools to research our firm and representatives.

##### **QUESTIONS TO ASK YOUR REPRESENTATIVE:**

- As a financial professional, do you have any disciplinary history? For what type of conduct?"

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#### **ITEM 5. ADDITIONAL INFORMATION**

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NTB Financial will distribute an updated relationship summary as conditions change but you are also welcomed to request a new copy anytime by calling our home office at (303) 825-1825.

##### **QUESTIONS TO ASK YOUR REPRESENTATIVE:**

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?

*You are also encouraged to visit our website at [NTB Financial](#) and view information about our firm there. You may also go to [FINRA BrokerCheck](#) or [Investor.gov/CRS](#) for more information*



# NTB FINANCIAL

CORPORATION

and **NTB ADVISORS**

**PART 2A OF FORM ADV: FIRM BROCHURE**

**9540 S. MAROON CIRCLE, SUITE 250  
CENTENNIAL, CO 80112  
PHONE: (303) 825-1825  
FAX: (303) 825-3789**

**September 28, 2022**

This brochure provides information about the qualifications and business practices of NTB Advisors ("NTB"). NTB Advisors is a division of NTB Financial Corporation, a registered securities broker-dealer and Registered Investment Advisor. If you have any questions about the contents of this brochure, please contact us at [www.ntbfinancial.com](http://www.ntbfinancial.com) or [NTBadministration@ntbfinancial.com](mailto:NTBadministration@ntbfinancial.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. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about NTB is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for NTB is 7425.

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**ITEM 2 – MATERIAL CHANGES**

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This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The firm has not had any material changes since September 27, 2021.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact the NTB Corporate Office at (303) 825-1825.

We encourage you to read this document in its entirety.

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**ITEM 4 – ADVISORY BUSINESS**

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This Disclosure document is being offered to you by NTB Advisors, a division of NTB Financial Corporation (“NTB” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

NTB Financial Corporation was organized as a Colorado corporation on May 20, 1977. NTB Financial Corporation, a registered securities broker-dealer with FINRA, is a full-service broker/dealer offering stocks, bonds, mutual funds, limited partnerships, annuities and insurance, and other commissioned products. The principal owners are Anthony B. Petrelli, Regina L. Roesener, and Michael J. Morgan.

NTB Financial Corporation offers our investment advisory services through NTB Advisors, a registered investment adviser with the United States Securities and Exchange Commission (“SEC”). NTB Advisors provides financial planning and investment management to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations and businesses. Our services are not limited to specific types of investments.

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance that helps clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and NTB execute an Investment Advisory Agreement.

**INVESTMENT MANAGEMENT SERVICES**

We manage advisory accounts on a discretionary basis and non-discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day-to-day order entry without seeking prior client consent. Account supervision is guided by the written profile and investment plan of the client. We may accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), mutual funds and debt securities in accordance with their stated investment objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

Once we have determined the appropriate strategy for you and your family and executed the strategy, we will provide ongoing investment review and management services. This approach requires us to periodically review your portfolio.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet your financial objectives. We trade these portfolios based on the combination of our market views and your objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

If a non-discretionary relationship is in place, calls will be placed presenting the recommendation made and only upon your authorization will any action be taken on your behalf.

We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from you.



Where appropriate, we provide advice about concentrated stock positions held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

### **FINANCIAL PLANNING**

Through the financial planning process, our team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer and family legacy objectives. Our team partners with our client's other advisors (CPA, estate attorney, insurance broker, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals;
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management and estate planning;
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession and other personal goals;
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention;
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation and transfer, including liquidity as well as various insurance and possible company benefits; and
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.

A written evaluation of each client's initial situation or Financial Plan is provided to the client. The recommendations will not be reviewed nor updated, unless requested by the client at which point a new Agreement between Client and Adviser may be executed.

### **REFERRALS TO THIRD PARTY MONEY MANAGERS ("TPMM")**

On occasion, NTB will utilize the services of a third-party money manager for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen third party money manager. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives;

communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

#### **RETIREMENT PLAN ADVISORY SERVICES**

We offer pension consulting services to various types of pension plans, including, but not limited to, profit sharing plans, employee stock ownership plans, 401(k) plans and 403(b). Collectively, we consider these types of plans as a specific segment of our client base and in turn, we will refer to these types of plans as "Pension Clients."

We gather and review extensive information regarding each Pension Client on an individualized basis including each Pension Client's objectives and needs. Our pension consulting services include plan feasibility, plan design, plan review, document preparation, plan amendments and assistance with Department of Labor and/or IRS issues, among others.

Other than those briefly described above, there are several distinct activities that may be available under our pension consulting services. These services may be provided separately or in combination with one another. Although not all-inclusive, the following information will describe some of the activities offered under our pension consulting services.

#### **Preparation of Investment Policy Statement ("IPS"):**

We may meet with a Pension Client to determine the relevant plan's investment needs and goals. If required by the Pension Client, we will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of plan's investment options/vehicles and the procedures and timing interval for monitoring of investment performance.

#### **Recommendation of Investment Options:**

The number and type of investment options/vehicles to be recommended will be determined by the Pension Client, based upon the plan's stated needs. We will review various investments, consisting predominantly of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the Pension Client's IPS. Our review process will result in the recommendation of specific investment options for the Pension Client to consider for inclusion in the list of plan investment options.

#### **Employee Communications:**

For Pension Clients, whose plans offer plan participants the ability to self-direct their own investments, we may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and in conjunction with a Pension Client under the appropriate ERISA guidelines. The educational support and investment workshops will not be designed to provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

#### **Advice to Participants:**

We may also provide individualized advice to plan participants. This service includes a review of a participant's individual situation, including age, existing assets, financial goals and attitude towards risk, and recommending an allocation of assets offered by the plan based on this information. Unless separately engaged to do so by a plan participant, we will not monitor a plan participant's situation or otherwise supervise or consult on the ongoing management of a participant's assets within the plan or otherwise.

### **CONSULTING SERVICES**

As agreed with the client, we provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern such as small business consulting, real estate, retirement planning, or any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice.

In these cases, NTB will engage with the client under a separate NTB Consulting Agreement. If the client does not retain NTB Investment Advisory Services, the client will be required to select independent investment managers, custodian and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals. The client must independently evaluate these firms before opening an account or transacting business, and you have the right to effect business through any firm you choose. Also note, you have the right to choose whether to follow the consulting advice that we provide.

### **CO-BRANDED INVESTMENT ADVISOR REPRESENTATIVES**

Our firm offers services through our network of investment advisor representatives (“Advisor Representatives” or “IARs”). IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. These separate business entities may offer other services to you. The Client should understand that the businesses are legal entities of the IAR and not affiliated with NTB. The advisory services of the IAR are provided through our firm. Services provided by the separate entities may not be offered by NTB nor are they supervised by NTB. A complete listing of the entities are listed on our ADV Part 1.

### **WRAP FEE PROGRAM**

We do not offer a Wrap Fee Program.

### **ASSETS**

As of September 20, 2022, we manage \$250,005,056 in total assets; \$243,029,585 in discretionary management and \$7,222,680 in non-discretionary assets.

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## **ITEM 5 - FEES AND COMPENSATION**

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### **INVESTMENT MANAGEMENT FEES AND COMPENSATION**

We charge a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade order entry and monitoring, investment supervision, and other account-maintenance activities. Our independent custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for investment management are based on an annual percentage of assets under management and are applied to the net asset value on a pro-rata basis and billed quarterly in advance. The value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin account balances are not included in the fee billing.

Our maximum investment advisory fees as a percentage of assets under management is 2.00% annually. The specific advisory fees are set forth in your Investment Advisory Agreement.

We may negotiate a lower advisory fee or have the right to waive the minimum fee. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons

agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated.

Unless otherwise instructed by the Client, we will generally aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “householding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of householding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable and noted in the Investment Advisory Agreement, specified stock positions will also be excluded from the fee calculation.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you on a quarterly basis indicating all the amounts deducted from the account including our advisory fees.

This Agreement will continue in effect until terminated by either party by telephone or confirmed in writing. If the contract is terminated prior to the last day of the calendar quarter, then the quarterly fee will be adjusted to the actual days the account was serviced. In the event the account was prepaid, the unearned fee will be reimbursed for the days the account was not under agreement. Upon termination, you are responsible for monitoring the securities in your account and NTB Advisors will have no further obligation. In the event of client’s death or disability, NTB will continue management of the account until we are notified of client’s death or disability and given alternative instructions by an authorized party.

#### **FINANCIAL PLANNING FEES**

NTB will negotiate the planning fees with you. Fees may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. We will determine your fee for the designated financial advisory services based on a fixed fee or hourly arrangement described below.

Under our hourly arrangement, financial planning fees are billed at an hourly rate up to \$500.00 per hour depending on the complexity of the client’s financial situation. Prior to beginning service, NTB will provide an estimate of the approximate hours necessary to complete the plan. If we anticipate exceeding the estimated hours, your Investment Advisor Representative will contact you to request authorization to provide additional services. Upon delivery of the plan and billing invoice, the hourly fees will be deducted from any retainer you paid, and any hourly fee balance remaining will be billed.

Typically, we complete a plan within a month and will present it to you within 90 days of the contract date, if you have provided us all information needed to prepare the financial plan. Fees are billed in with one half (50%) of the estimated fee due and payable at the midway point of the project, with the balance due and payable at the time the financial plan is delivered. You may terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you based the hourly rate. Services provided up to date of termination but not yet paid to NTB will be billed to you based on the hourly rate set forth in the Agreement.

In no case are our fees based on, or related to, the performance of your funds or investments.

When both investment management or plan implementation and investment management services are offered, there is a conflict of interest since there is an incentive for us offering investment management services to recommend products or services for which NTB receives compensation. However, NTB will make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs. As an investment management client, you have the right not to act upon any of

our recommendations and not affect the transaction(s) through us if you decide to follow the recommendations.

### **THIRD PARTY MONEY MANAGER FEES**

Fees and billing methods are outlined in each respective TPMM's Brochure and Advisory Contract. You will pay an on-going fee directly to the TPMM based upon a percentage of your assets under management with respect to each TPMM. You will receive disclosure of all fees by the TPMM, which include the terms of the compensation arrangement with NTB and a description of the compensation paid, at the time of signing an advisory agreement with the TPMM. TPMM will pay a portion of their advisory fee to NTB.

The minimum account size for will vary from TPMM to TPMM. All such minimums will be disclosed in the respective TPMM's Brochure. NTB may have the ability to negotiate such minimums for you.

We may recommend you terminate the relationship with a TPMM. Factors involved in the termination of a TPMM may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the TPMM, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the TPMM on our list of approved TPMMs.

TPMM programs may have higher or lower fees than other programs available through NTB or available elsewhere. Investment management programs may differ in the services provided and method or type of management offered, and each may have different account minimums. Client reports will depend upon the management program selected. Please see complete details in the program brochure and custodial account agreement for each program recommended and offered. Because TPMMs pay different fees to the referring party, there is a conflict of interest when referring to various TPMMs. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest. You, the Client, always have the final decision to engage the TPMM that NTB recommends to you

### **RETIREMENT PLAN ADVISORY SERVICES**

For Retirement Plan Advisory Services, we charge an annual fee as negotiated with the Plan sponsor and disclosed in the Plan Sponsor Advisory Agreement. Our maximum investment advisory fees for Retirement Plans Services is 1.25%.

Plan advisory services begin with the effective date of the Agreement, which is the date you sign the Investment Advisory Agreement. For that calendar month or quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar month or quarter that the Agreement was effective. Our fee is billed in advance on the last business day of the calendar month or quarter. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Investment Advisory Agreement.

Either party may terminate the Agreement at any time upon 30 days written notice. You are responsible to pay for services rendered until the termination of the agreement.

### **MUTUAL FUNDS**

NTB may include mutual funds and exchange traded funds ("ETFs") in our investment strategies. NTB generally purchases institutional share classes of those mutual funds selected for the client's portfolio if available. The institutional share class usually has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses are charged to client mutual fund assets which could impact the client's account performance. Mutual fund

expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will generally purchase the least expensive share class available for the mutual fund unless circumstances indicate a No Transaction Fee ("NTF") is preferable. As share classes with lower expense ratios become available, NTB may use them in the client's portfolio and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with NTB would bear the expense of any contingent or deferred sales loads and capital gains taxes incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client's transaction frequency in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

When selecting investments for our clients' portfolios we might choose mutual funds available on your account custodian's NTF list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund. In these cases, the advisor has determined avoiding transaction fees may be preferable to selecting the lowest expense share class.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm as an additional mutual fund expense. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on future events, NTF funds might not always be in your best interest.

#### **ADDITIONAL FEES AND EXPENSES:**

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. NTB's brokerage practices are described at length in Item 12, below. Further, our firm does not share in any of these additional fees and expenses outlined above.

NTB Financial may contract with third-party service providers to perform specified functions for investor accounts and portfolios. These services include account administration systems, asset allocation determination and monitoring, asset concentration testing, transaction history and cost basis management, account reconciliation, quarterly performance reporting and other similar services NTB Financial may contract on investors' behalf. These services vary in price; and depending on what services are provided, the fee may be assessed to investor accounts in addition to the advisory fee charged by NTB Financial. If these services and fees apply to your account(s), they will be disclosed when the account is established or later when the service is provided. Fees for these outside services will not exceed \$20.00 per service provider per account per calendar quarter and will be itemized on the quarterly fee notice.

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#### **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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We do not charge performance-based fees. Our fees are not based on a share of the capital gains or the capital appreciation of managed securities.

We do not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

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**ITEM 7 - TYPES OF CLIENTS**

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We do not impose a minimum account size. Each account is evaluated individually. We provide investment advice to individuals, high-net worth individuals, pension and profit-sharing plans, retirement plans, trusts, estates, charitable organizations and businesses.

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**ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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NTB's investment strategies and advice vary with each client. We determine investments and allocation based upon predetermined objectives, risk tolerance, time horizon, financial information, liquidity needs, and other suitability factors. Client restrictions and guidelines may affect the composition and outcome of their portfolio. Every client situation is unique and NTB may utilize one or more of the following methods of analysis in formulating investment advice for a particular client:

- **Fundamental**  
This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is different than technical analysis. Fundamental analysis is about using financial data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.
- **Tactical**  
This is a method that allows us to make changes to a client's portfolio based on opportunities or risks that present themselves in the overall economic landscape. This approach allows us the flexibility to make gradual or sudden changes in a client's portfolio and to adapt to the ever-changing market conditions.
- **Technical**  
This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.
- **Charting**  
This is a method used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, to anticipate future price movements. Users of these charting techniques believe that past trends in these indicators can be used to extrapolate future trends.

- **Cyclical**

This is a method of analyzing the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

- **Top-Down Investing**

This method involves evaluating the overall state of the economy (macroeconomic) and then further evaluating the various components and sub-components in greater detail. For example, after evaluating the high-level economic environment, either on a global or domestic scale, analysts further examine the various market and industrial sectors in order to select those areas that are forecasted to outperform the overall market. Analysts then further evaluate specific asset classes and the securities of specific companies to determine an allocation or portfolio.

- **Thematic**

This method takes a “top-down” approach to investing and involves making investment decisions based on predictions about trends or other forward-looking criterion, rather than on past market performance and indicators or the fundamentals of a specific security. NTB uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Trading. Investments sold within 30 days.

- **Short Sales**

A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

- **Margin Transactions**

When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock or money from NTB.

The main sources of information include financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the Securities and Exchange Commission, press releases, Morningstar, Schwab Data Delivery, Schwab Institutional and the internet.

### **THIRD PARTY MANAGER ANALYSIS**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client’s investment objective. We do this by analyzing the various securities, investment strategies, and third-party management firms. The goal is to identify a client’s objectives AND risk tolerance, and then find a manager with the maximum expected return for that level of risk.

We examine the experience, expertise, investment philosophies and past performance of independent third-party managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the managers’ underlying holdings,



strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the managers' compliance and business enterprise risks.

A risk of investing with a TPM who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the managers' daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### **RISK OF LOSS**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

- **Market Risk**  
Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.
- **Foreign Securities and Currency Risk**  
Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **Capitalization Risk**  
Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.
- **Interest Rate Risk**  
In a rising rate environment, the value of fixed-income securities generally decline, and the value of equity securities may be adversely affected.
- **Credit Risk**  
Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.
- **Securities Lending Risk**  
Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the

collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

- **Exchange-Traded Funds (“ETF”)**

ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund’s shares trading at either a premium or a discount to its “net asset value.”

- **Performance of Underlying Managers**

We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

- **Liquidity Risk**

Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing clients from selling such securities at an advantageous time or price.

- **Options Risk**

Transactions in options carry a high degree of risk. Options are securities which derive their value from the value of underlying securities in which they track. Options can be used to hedge or to speculate on price changes in the underlying security. Their value of an option contract is a function of the price of the underlying security, implied volatility, time to expiration and to a lesser extent market interest rates. At NTB we use options to hedge against adverse market moves or to gain exposure to securities we do not currently own. While investing in options always carries the risk of experiencing a loss our option strategies are not designed to leverage portfolios which would inherently increase the risk of investing. Option strategies will only be used in client portfolios with client consent and we will continually review asset allocation and the appropriateness of using option strategies to achieve client risk and return goals.

- **Leveraged and Inverse ETFs and Mutual Funds.** Leveraged ETF’s and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of underlying index’s return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs and mutual funds.

- **Cybersecurity Risk**

In addition to the material risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at NTB or one of its third-party counterparties or service providers, that may result in a loss or corruption of data,

result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

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**ITEM 9 - DISCIPLINARY INFORMATION**

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December 2018, NTB Financial entered into an AWC with FINRA for excess fixed income markup charges. Reimbursements totaling \$43,142 were initiated by NTB Financial and voluntarily made to customers on May 21, 2018, six months before entering the AWC. NTB Financial entered the consent order to avoid the costs and burden of a hearing. The markup amount was determined from the firm's contemporaneous cost. One of the considerations used to establish the markup was the recommendation was primarily for capital appreciation (with current income second) and accordingly carried characteristics of equity securities. The bonds were purchased at steep discounts to par with the anticipation they would appreciate as conditions improved in the energy sector and at the company. The clients who purchased them were long-time customers of the firm who routinely purchase securities for appreciation. These clients are searching for special-situation growth opportunities which this investment represented. The firm evaluated the merits of the security in accordance with their investment objectives and selection methods generally used for these customers. An additional consideration for the markup was the extensive due diligence performed, and related expenses incurred, researching the security. For further information, please visit FINRA BrokerCheck: <https://brokercheck.finra.org/firm>

In September 2017, NTB Financial entered into an AWC with FINRA. NTB violated NASD rules 3010(b) and 3010(d), FINRA rule 3110(b), and FINRA rule 2010. During the period of April 2012 through April 2015, contrary to its written supervisory procedures, NTB allowed certain reps to use personal email to conduct business, mostly containing internal firm communications. During the same period, NTB failed to enforce its written supervisory procedures pertaining to email review. The firm's written supervisory procedures required that, on an ongoing basis, 10% of all retail registered representatives' emails and 5% of other department emails would be reviewed. For further information, please visit FINRA BrokerCheck: <https://brokercheck.finra.org/firm>

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**ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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**BROKER/DEALER**

Certain Investment Advisor Representatives ("IAR") of our firm may be registered representatives of NTB Financial Corporation, an affiliated securities broker/dealer. The IAR's may be compensated for effecting securities transactions or providing advisory services. A portion of the time of some of our IARs is spent in connection with broker/dealer activities.

NTB Advisors believes that this relationship does not create a material conflict of interest with our advisory clients due to the following factors: the related broker/dealer is not used to execute advisory client trades and no compensation from advisory client moves to or from affiliates is received. However, certain persons associated with the affiliated broker/dealer are also registered with NTB Advisors. If your IAR is also registered with NTB Financial Corporation, your IAR could recommend securities products for which they

may be entitled to commissions or other ongoing fees as a registered representative of the affiliated broker/dealer. This could create a conflict of interest when such person makes recommendations. NTB Advisors attempts to mitigate these conflicts by reviewing recommendations made and the types of compensation earned. Further, NTB Advisors requires disclosures to clients when such conflicts arise.

### **INSURANCE**

IARs of NTB may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. However, clients should note that they have the right to decide whether to act on the recommendation and the right to purchase any insurance products through NTB or its IAR or any licensed insurance agent not affiliated with NTB. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any conflicts of interest.

### **CONFLICTS OF INTEREST**

Clients should be aware that the receipt of additional compensation by NTB Advisors and its management persons or employees, if any, creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. NTB Advisors endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser, and we take the following steps to address this conflict:

- We disclose to clients the existence of material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients for other services provided in addition to our advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- NTB Advisors management monitors client accounts for conflicts of interest;
- We require that our employees seek prior approval of outside employment activity so that we may address conflicts of interests with such activities;
- We periodically monitor these outside employment activities to verify conflicts of interest are addressed by the IAR; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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### **ITEM 11 - CODE OF ETHICS & INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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According to the Investment Advisors Act of 1940, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. NTB Advisors has adopted a Code of Ethics and a standard of Business Conduct. This Code of Ethics sets out ideals for ethical conduct premised on fundamental principles of openness, integrity, honesty and trust. It conveys to employees the value that NTB Advisors places on ethical conduct and challenges employees to live up, not only to the letter of the law, but also to the ideals of the organization. NTB Advisors will provide a copy of its Code of Ethics to any client or any prospective client upon request.

NTB Advisors and its employees may buy or sell securities or have an interest or position in a security for their personal account, which they also recommend to clients. NTB Advisors is and shall continue to be in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. As these situations may represent a potential conflict of interest, it is a policy of NTB that no representative shall prefer his/her own account to that of the advisory client. NTB Advisors and its employees may buy or sell securities that are also held by our clients. Advisors may not trade their own securities ahead of their clients.

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## **ITEM 12 - BROKERAGE PRACTICES**

### **INVESTMENT MANAGEMENT SERVICES**

Clients must maintain assets in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with Schwab. Schwab will hold client assets in a brokerage account, and buy and sell securities when we instruct them to.

While we recommend that clients use Schwab as Custodian, client must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. The client opens the accounts with Schwab. The accounts will always be held in the name of the client and never in NTB Advisors’ name.

### **HOW WE SELECT CUSTODIANS**

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear and settle trades (buy and sell securities for client accounts)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist us in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
8. Reputation, financial strength, and stability
9. Prior service to NTB Advisors and our other clients
10. Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from Schwab)

### **CLIENT BROKERAGE AND CUSTODY COSTS**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients’ Schwab accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Brokers/Custodians).

## **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 NTB Advisors 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; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with Schwab. This creates a conflict of interest. We have established policies in this regard to mitigate any conflicts of interest. We believe that our selection of Schwab as custodian and broker is in the best interests of clients. NTB Advisors will at all times act in the best interest of their clients and act as a fiduciary in carrying out services to clients.

Following is a more detailed description of Schwab's support services:

### **Services That Benefit Our Clients**

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 our clients and their accounts.

### **Services That May Not Directly Benefit Our Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients' accounts
5. Assist 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:

1. Educational conferences and events
2. Consulting on technology, compliance, legal and business needs
3. Publications and conferences on practice management and business succession
4. 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. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients.

Some of the products, services and other benefits provided by Schwab benefit NTB Advisors and may not benefit our client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based in part on benefits Schwab provides to us, or our agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Schwab's execution quality may be different than other Custodians.

#### **AGGREGATION OF TRADES**

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction.
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

#### **TRADE ERRORS**

From time-to-time NTB Advisors may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the Custodian of your account. If an investment gain results

from the correcting trade, the gain will remain in your account unless the same error involved other client accounts that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forgo the gain (e.g. due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. is the Custodian, Charles Schwab & Co. Inc. will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, NTB Advisors will pay for the loss. Charles Schwab & Co Inc. will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

#### **DIRECTED BROKERAGE**

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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### **ITEM 13 - REVIEW OF ACCOUNTS**

#### **ACCOUNT REVIEWS**

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

#### **STATEMENTS AND REPORTS**

The custodian for the individual client's account will provide clients with an account statement at least quarterly. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar year. You are urged to compare reports prepared and provided by NTB against the account statements you receive directly from your account custodian.

Those clients who are exclusively Consulting or Financial Planning clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

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### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

We pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- how the fee is calculated (i.e., based on a percentage of respective management fees received or a fixed amount); and
- the fact that we do not increase the management fee charged to the referred client above our normal fee schedule to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased because of any referral.

We do receive compensation for referrals.



We do receive an economic benefit from Schwab in the form of support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12 - Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

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**ITEM 15 – CUSTODY**

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We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

Our Firm is deemed to have custody of clients' funds or securities when you have standing authorizations with their custodian to move money from your account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect your assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least monthly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Adviser or the qualified custodian preparing the statement.

For all accounts, our firm has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from NTB. When you have questions about your account statements, you should contact NTB or the qualified custodian preparing the statement.

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**ITEM 16 – INVESTMENT DISCRETION**

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For discretionary accounts, prior to engaging NTB to provide investment advisory services, you will enter a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable NTB, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by NTB for you are:

1. For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall in writing as indicated on the Investment Advisory Agreement. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

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**ITEM 17 – VOTING YOUR SECURITIES**

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We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at (303) 825-1825.

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**ITEM 18 – FINANCIAL INFORMATION**

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We do not require or solicit prepayment of more than \$1,200 in fees per client and six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.

Our financial condition is not likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.