

## **Item 1 Cover Page**

Dew Point Capital, Inc.  
1601 Vine Street  
Los Angeles, CA 90028  
CRD# 305010

March 21, 2022

**This brochure provides information about the qualifications and business practices of Dew Point Capital, Inc. If you have any questions about the contents of this brochure, please contact us at 410-258-2174 or [sc@dewpointcap.com](mailto:sc@dewpointcap.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 a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Dew Point Capital, Inc. also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.**

## **Item 2 Material Changes**

January 16, 2021 – Item 1 was updated to reflect a new principal office address, and Item 10 was amended to add insurance activity disclosures by investment advisor representatives.

August 16, 2021 – Pursuant to federal securities laws, Dew Point Capital, Inc. is registering as an investment advisor with the U.S. Securities and Exchange Commission (“SEC”) since its client assets under management now exceed \$100 million. Several items in this Brochure have been amended to conform with SEC disclosure requirements versus state requirements.

March 21, 2022 – Item 18 was amended to remove disclosures concerning uncertainty of the effects of the COVID pandemic and a CARES Act loan that are no longer relevant.

The material changes discussed above are only those changes that have been made to this brochure since the firm’s last annual update of the brochure. The date of the last annual update of the brochure was March 16, 2021.

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#### Brochure

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#### **Item 4 Advisory Business**

Dew Point Capital, Inc. is an investment advisor firm registered with the U. S. Securities and Exchange Commission since September 2021. Previously, the firm was a state registered investment advisor since September 2019.

The principal owner of Dew Point Capital, Inc. is Steven Cooper, Managing Director.

##### Advisory Services

Dew Point Capital, Inc.'s ("Dew Point" or "Advisor") principal service is providing fee-based investment advisory services and financial planning services. The Advisor practices custom management of portfolios, on a discretionary basis, according to the client's objectives. The Advisor's primary approach is to use a strategic allocation strategy aimed at reducing risk and increasing performance. The Advisor may use exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, CDs, municipal securities, mutual funds, ETFs and United States government securities to accomplish this objective. The Advisor measures and selects mutual funds by using various criteria, such as fund cost, institutional affiliation and history, the fund manager's personal investment in the fund, tenure, and/or overall career performance. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

##### Retirement Planning Services

Dew Point provides retirement income planning services to clients and are intended to offer comprehensive guidance related to the management of a client's assets and income over the course of their retirement. The Advisor will attempt to provide accurate and comprehensive advice and recommendations about how to address a number of key questions concerning a client's retirement future.

##### Retirement Plan Consulting Services

Dew Point will evaluate the existing qualified retirement plan solutions. Dew Point will evaluate at a minimum, the qualified retirement plans fiduciary compliance program, recordkeeping and third-party administration services, investment policy statement and management process, employee communication and education program, and retiree/rollover transitional consulting services.

Based on the evaluation, Dew Point will make objective recommendations to the plan sponsor. Upon approval, Dew Point will implement, manage, and monitor the recommendations with the authorization of the plan sponsor.

As part of the process, Dew Point will provide an investment policy statement. Dew Point will recommend, monitor, and benchmark the selected investment platform according to the investment policy statement. Dew Point will also evaluate and recommend investment options to be included in the Plan, and monitor the characteristics of those investment options to ensure they meet the investment needs of the Plan. Dew Point will also assist in the development of the initial policy recommendations. In consideration for this service, Dew Point will receive an investment advisory fee, billed quarterly in arrears based on the average daily balance of plan assets. The Plan Sponsor will make the decisions about which investment recommendations accept and for those chosen, will add them to the platform. Dew Point is only making recommendations to the client about which investment products should be included. Dew Point will make recommendations concerning the model portfolios/asset allocations, and underlying investment options used to construct the portfolios/allocations and not the individual participants elections, or asset allocation of any participants should they elect to customize their own portfolio. Additionally, Investment Advisor Representatives of Dew Point may provide consultation services on general non-securities advice on topics including operations management, business model integration and management, and retirement plan consulting and business planning.

#### Financial Planning

In addition to investment supervisory services, Dew Point may provide Financial Planning Services to some of its clients. The Advisor's Financial Planning services may include recommendations for portfolio customization based on their client's investment objectives, goals and financial situation, recommendations relating to investment strategies as well as tailored investment advice. Financial planning may also include non-investment advice such as developing strategies to achieve retirement or other financial goals, tax optimization strategies, cash flow and budgeting analysis and recommendations, financing and financial education, estate planning, and asset protection strategies.

Dew Point will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

Dew Point does not provide portfolio management services to wrap fee programs.

As of December 31, 2021, Dew Point had \$140,610,000 in discretionary and \$6,760,000 in non-discretionary client assets under management.

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

#### Asset Management Fees

Pursuant to an investment advisory contract signed by each client, the client will pay Dew Point an annual management fee, payable quarterly in advance, based on the value of portfolio assets of the account managed by the Advisor as of the opening of business on the first business day of each quarter. The management fee will range from 0.50% to 1.50% per annum, depending on the type and complexity of the investment management strategy employed as well as the size of the account or overall client relationship. The management fee may be adjusted to account for significant

contributions or withdrawals made to the account during the quarter. New account fees will be prorated from the inception of the account to the end of the first quarter.

These fees may be negotiated at the discretion of the Advisor. Asset management fees will be directly deducted from the client account on a quarterly basis by the qualified custodian. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a statement at least quarterly to the client and the Advisor will also send an invoice to the client outlining the fee calculation and the amount withdrawn from the client account. In circumstances where it is not practical to deduct fees directly from client accounts, client will be sent an invoice on a quarterly basis for the advisory fees at the beginning of the quarter and the invoice is due upon receipt by the client.

#### Hourly Fee

Some clients will contract to have financial planning advice or special project advice provided based on an hourly fee rather than based on the assets under management. The Advisors hourly fee will be billed at a rate of \$300 per hour. The Advisors hourly fees will be negotiated and agreed upon by the parties in advance. Hourly fee-based clients are billed on a monthly basis upon completion of work performed.

#### Fixed Fees

Certain clients may engage Dew Point to prepare financial plans, or in the case of not-for-profit entities, the development of an investment policy statement. Dew Point will charge a fixed fee for comprehensive financial planning services of between \$2,000 and \$5,000 per plan depending on the scope and complexity of the client circumstances, and between \$4,000 and \$5,000 for the investment policy statements. Fixed fees may be negotiated in advance at the discretion of the Advisor. Fixed fee-based clients are billed in advance, and the financial plans and investment policy statements will be completed and delivered to clients in less than six months from the commencement of the agreement.

For each of the Advisor's services described above, the Client may terminate these services within five business days of the effective date of an Agreement signed with the Advisor without any payment of the Advisor's fee.

#### Retirement Plan Consulting Fees

Plan Sponsor will pay the Advisor, as compensation for its services, a consulting fee at an annual rate ranging from 0.50% to 1.50% per annum of assets in the Plan. The consulting fee is payable quarterly in arrears based on the average daily balance of plan assets during the quarter. The consulting fee in the first quarter of the Agreement shall be prorated from the inception date to the end of the quarter. The Advisor shall invoice the Plan Sponsor for the consulting fee. The Plan Sponsor may, at its election, submit invoices for this consulting fee to the custodian of the Plan's assets for payment. The Plan Sponsor agrees to payment of these invoices, whether directly from the Plan Sponsor or from the Plan's custodian, promptly, and, under normal circumstances, by the end of the month in which the invoice is submitted.

The Plan Sponsor and the Advisor may agree, from time to time, that the Advisor be compensated for additional non-investment related duties outside the normal scope of this Agreement on an hourly basis of \$300 per hour. In such cases, the additional duties and hourly rate of compensation

shall be agreed to by both parties, in advance, by execution of a separate agreement. Invoices and terms of payment, in such cases, will be as expressed in the previous paragraph herein. It is expected that such additional duties and compensation will solely relate to operational and compliance needs of the Plan and not relate to investment recommendations.

All fees paid to Dew Point for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's and ETF's prospectus. These fees will generally include a management fee and other fund expenses.

At no time will Dew Point accept or maintain custody of a client's funds or securities except for authorized fee deduction. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and execution fees.

Dew Point's management fee is payable in advance. Upon termination, any fees paid in advance will be prorated to the date of termination and any unearned fees will be refunded to client.

Neither Dew Point nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Dew Point does not charge performance-based fees.

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

The Advisor will offer its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

The Advisor does not have any minimum requirements for opening or maintaining an account.

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

The Advisor utilizes fundamental and cyclical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

The Advisor primarily uses a long-term purchase (purchases held at least one year) investment strategy for client accounts but may make short-term transactions in periods of unusual market activity.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices or unemployment, etc.).

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

In cyclical analysis, economic or business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. Also, the lengths of the economic cycles may be difficult to predict with accuracy. Therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

All investments involve some degree of risk. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks.



Every saving and investment product have different risks and returns. Differences include how readily investors can get their money when they need it, how fast their money will grow, and how safe their money will be. The primary risks faced by investors include:

#### Business Risk

With a stock, you are purchasing a piece of ownership in a company. With a bond, you are loaning money to a company. Returns from both of these investments require that the company stays in business. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds. If there are assets, the company's bondholders will be paid first, then holders of preferred stock. If you are a common stockholder, you get whatever is left, which may be nothing.

The business risk in purchasing an annuity is that the financial strength of the insurance company issuing the annuity may decline and not be able to pay out the annuity obligation.

#### Volatility Risk

Even when companies aren't in danger of failing, their stock price may fluctuate up or down. Large company stocks as a group, for example, have lost money on average about one out of every three years. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.

#### Inflation Risk

Inflation is a general upward movement of prices. Inflation reduces purchasing power, which is a risk for investors receiving a fixed rate of interest. The principal concern for individuals investing in cash equivalents is that inflation will erode returns.

#### Interest Rate Risk

Interest rate changes can affect a bond's value. If bonds are held to maturity the investor will receive the face value, plus interest. If sold before maturity, the bond may be worth more or less than the face value. Rising interest rates will make newly issued bonds more appealing to investors because the newer bonds will have a higher rate of interest than older ones. To sell an older bond with a lower interest rate, you might have to sell it at a discount.

#### Liquidity Risk

This refers to the risk that investors won't find a market for their securities, potentially preventing them from buying or selling when they want. This can be the case with the more complicated investment products. It may also be the case with products that charge a penalty for early withdrawal or liquidation such as a certificate of deposit (CD).

The Advisor does not primarily recommend a particular type of security. However, clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have negative effects on their value, such as competition or government regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

## **Item 9 Disciplinary Information**

In 2017, Steven Cooper's employer claimed that commission-based mutual fund transactions he made in certain client accounts could have been made in no-load shares in fee-based accounts and terminated his employment. Mr. Cooper disagreed with the firm, as it ignored the fact that paying a one-time commission was a lower cost way for his clients to own mutual funds versus paying an ongoing management fee. The Financial Industry Regulatory Authority (FINRA) reviewed the circumstances and without admitting or denying the findings, Mr. Cooper accepted an administrative fine of \$5,000 and two-month suspension through July 19, 2019 of his broker-dealer's license. Mr. Cooper accepted the agreement because he was no longer using his broker-dealer's license and because the legal fees to fight the claims were cost-prohibitive.

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

Neither Dew Point nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Dew Point nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Dew Point does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Investment advisor representatives for Dew Point are also licensed and registered as insurance agents to sell life, accident, and other lines of insurance for various insurance companies. Therefore, they will be able to purchase insurance products for any client in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of insurance products. This creates a conflict of interest because of the receipt of additional compensation by the investment adviser representatives. Clients are not obligated to use Dew Point or its investment advisor representatives for insurance products services. However, in such instances, there is no advisory fee associated with these insurance products, and clients will be made aware of all commissions associated with the products prior to the transactions.

Dew Point does not recommend or select other investment advisers for clients.

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

Dew Point is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Dew Point has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Dew Point deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Dew Point are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Dew Point collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Dew Point will provide a copy of the Code of Ethics to any client or prospective client upon request.

Neither Dew Point nor its related persons recommend to clients, or buys or sells for client accounts, securities in which Dew Point or its related persons have a material financial interest.

Dew Point and/or its investment advisor representatives may from time to time purchase or sell products that they may recommend to clients. This practice creates conflicts of interest in that personnel of Dew Point can take advantage of the advance knowledge of firm securities trading and trade their personal accounts ahead of the client trades or recommend trades in client accounts that may affect the price of the securities owned by the Investment Advisor Representatives (although with the relatively small size of trades made by Dew Point in liquid securities, it is unlikely that the firm's trading will influence market prices). To mitigate these conflicts, Dew Point has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Dew Point deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Dew Point are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the adviser or its affiliates. Dew Point collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed quarterly by the Chief Compliance Officer to identify and resolve potential conflicts of interest. Dew Point's Code of Ethics is available upon request. Finally, supervised persons of registered investment advisors are fiduciaries by law and are required to put the client's interest before those of the firm and themselves.

Dew Point requires that its investment advisor representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

Investment Advisor Representatives of Dew Point may trade for their own accounts securities that are being traded for client accounts at or about the same time. To mitigate the conflict of interest in such circumstances, Dew Point's policy is to require the trading of all relevant client account prior to the trading of their own accounts. The Chief Compliance Officer examines personal trading activities of Dew Point's personnel to verify compliance with this policy.

## **Item 12 Brokerage Practices**

### **The custodian and brokers we use**

Dew Point does not maintain custody of your assets, although we are deemed to have custody of your assets if you give us authority to withdraw assets 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 our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab 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. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. 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”).

### **How we select brokers/custodians**

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

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

### **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. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab’s commission rates and asset-based fees applicable to our

client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$100 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker/dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades 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, including those listed above (see “How we select brokers/custodians”).

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like us. They provide our clients and us with access to their institutional brokerage services (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 are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

**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. 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:

- provide access to client account data (such as duplicate trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide pricing and other market data
- facilitate payment of our fees from our clients’ accounts
- 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:

- 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
- Marketing consulting and support

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. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This creates an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This 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 (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

For any such products and services Dew Point receives from Schwab or other custodians, it will follow procedures which ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 or applicable state securities rules.

Dew Point does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Dew Point recommends that a client direct it to execute transactions through Schwab.

Dew Point may combine orders into block trades when more than one account is participating in the trade assuming there are multiple client accounts at the same custodian participating in the security that is being bought or sold. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Dew Point's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one

client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Dew Point may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

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

Investment advisory client accounts are monitored on an annual basis, or when conditions would warrant a review based on market conditions or changes in client circumstances. Triggering factors may include Dew Point becoming aware of a change in client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline. Financial Plans, once prepared and delivered to the client are not reviewed again unless the client requests a financial plan be updated. Client accounts and/or financial plans are reviewed by Steven Cooper. The nature of the review is to determine if the client account is still in line with the client's stated objectives.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, broker-dealers and others who are involved with client accounts. Dew Point does not deliver separate client reports.

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

Dew Point is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Dew Point may compensate persons or firms for client referrals in compliance with the Investment Advisers Act ("Act") rules and regulations. The fees paid to referral sources do not affect the fees clients pay to Dew Point. In each instance, a written agreement will exist between the Advisor and the referral source. At the time of a referral, prospective advisory clients will receive the Advisor's Brochure and a Solicitor's Disclosure Document. Dew Point has established policies and procedures to ensure that its solicitation activities are compliant with the requirements under Rule 206(4)-3 of the Act.

## **Item 15 Custody**

Dew Point does not have custody of client funds or securities, except for the withdrawal of advisory fees directly from client accounts (please see Item 5 which describes the safeguards around direct fee deduction). However, as noted in Item 13 above, clients will receive statements not less than quarterly from the qualified custodian, and we encourage you to review those statements carefully. Any discrepancies should be immediately brought to the firm's attention.

## **Item 16 Investment Discretion**

Dew Point generally has discretion over the selection and amount of securities to be bought or sold in client accounts, and the broker or dealer to be used for securities purchases or sales in the account without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales will be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Dew Point.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Dew Point will be in accordance with each client's investment objectives and goals.

## **Item 17 Voting Client Securities**

Dew Point will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Dew Point cannot give any advice or take any action with respect to the voting of these proxies. The client and Dew Point agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

## **Item 18 Financial Information**

Dew Point does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and is not required to file a balance sheet.

Dew Point has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Dew Point does become aware of any such financial condition, this brochure will be updated and clients will be notified.

Registered investment advisers are required to provide you with certain financial information or disclosures about the adviser's financial condition.

Dew Point has no financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients and has not been the subject of a bankruptcy proceeding.

Dew Point has never been subject to a bankruptcy petition.