



## **Grove Street Fiduciary, LLC**

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**March 20, 2023**

This brochure provides information about the qualifications and business practices of Grove Street Fiduciary, LLC. If you have any questions about the contents of this brochure, contact us at 603-924-9939. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Grove Street Fiduciary, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Grove Street Fiduciary, LLC is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 28, 2022, we have the following material changes to report:

- Item 5 of the ADV Part 2A has been amended, our initial consultation fee of \$750 has increased to \$1,000.
- In addition, Item 5 and Item 7 of the ADV Part 2A have been amended, the amount of minimum investable assets has increased from \$2 million to \$5 million.

Please refer to Item 5 and Item 7 of the ADV Part 2A for additional information on our fees and minimum investable assets.

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## **Item 4 Advisory Business**

### **Description of Services and Fees**

Grove Street Fiduciary, LLC is a registered investment advisor based in Peterborough, New Hampshire. We are organized as a corporation under the laws of the State of New Hampshire. We have been providing wealth advisory services since 1991. We are owned by the Carl Amos Johnson Revocable Trust and the Forget-Me-Not Blue Trust.

Carl Amos Johnson is the Chief Executive Officer and Chief Compliance Officer and Hazel E. Hensel is the Chief Operating Officer.

We provide wealth and trust advisory services encompassing financial planning and asset management services, as well as consulting services and limited pension consulting services. Our wealth and trust advisory services are personalized and tailored to each individual client.

We view our advisory responsibilities as that of a steward of our client's financial resources whereby we consider client goals as the foremost consideration in the creation of a unique strategy for each client, addressing the client's financial goals, considering risk tolerance, required liquidity and investment time frame among other factors.

The following paragraphs describe our services and fees. Please refer to the description of each wealth and trust advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Grove Street Fiduciary, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our company.

### **Wealth Management Services**

Our wealth and trust advisory service is an ongoing service that combines financial planning with discretionary investment management services through which we identify and plan for your future goals and implement your plan.

At the inception of the client relationship, we will meet with you to gather information about your financial circumstances and determine your investment objectives, risk tolerance, short term and long term life goals and other relevant information.

Once we have reviewed and analyzed information you provide to us, we will provide you with financial planning and investment recommendations and reports, which may be written or oral, addressing subjects, as required in your unique circumstances, including but not limited to, investment analysis, risk management, retirement planning, education planning, estate planning, benefits planning, taxes and tax planning, cash flow planning and business planning. We may also construct financial statements such as balance sheets, cash flow statements, and aggregate or comparative tax statements, to the extent specifically requested by a client.

Our recommendations are based on your financial situation at the time we present them to you, and on the financial information you provide us. To properly serve you, we ask that you notify us promptly if your financial situation, goals, objectives, or needs change.

After we have presented and discussed our recommendations with you, we will then implement the recommendations you approve by providing discretionary investment management services. We will use the information we gathered from you during the planning stage to prepare a personal investment policy outlining a strategy that enables our company to give you continuous and focused investment

advice and to make investments on your behalf. All such investments are made within third-party custodians, such as Charles Schwab and Company. We do not maintain custody of any investments or assets at our company.

Please note, our company's services do not include:

- Legal counsel.
- Sales of any financial or insurance product.

As part of our investment management services, we will customize an investment portfolio for you in accordance with your risk tolerance and investment objectives. Once we construct a customized investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis and we will re-balance the portfolio as required by changes in market conditions and in your financial circumstances.

For accounts not held at a custodian recommended by our company, we will provide our investment management services by utilizing ByAllAccounts, a third party service provider, which allows us to access your account data information.

In order to provide you with investment management services, we require you to grant our company limited discretionary authority to manage your account. Discretionary authorization will allow our company to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction, if necessary. Discretionary authority is typically granted by the investment advisory agreement you sign with our company and through trading authorization. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our company with your restrictions and guidelines in writing.

### **Consulting Services**

We offer consulting services which primarily involves advising clients on specific topics including but not limited to: financial planning, qualified plan and rollover options, portfolio allocations, career consulting, seminars, financial organization and advice involving non-investment issues, to the extent specifically requested by a client.

### **Limited Pension Consulting Services**

We may also provide limited pension consulting services to qualified plans and participants on an individually negotiated basis. All services shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

### **Types of Investments**

We primarily recommend exchange traded funds (ETFs), index funds, and no-load indexed mutual funds. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our company in writing.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the

following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of January 24, 2023, we provide continuous management services for \$333,027,822 in client assets on a discretionary basis, and \$11,131,385 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Wealth and Trust Advisory Services**

Our fee for wealth and trust advisory services ranges from 0.60% to 1.50% per annum of investable assets, subject to a minimum annual fee of \$12,000, which may be waived for certain legacy clients. Our annual wealth and trust advisory fee is billed and payable quarterly in arrears based on the average daily balance of your investable assets for the quarter. We do not receive compensation for the purchase or sale of securities or other investment products.

If the client agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on the individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our company written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate our services upon written notice to our company. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

### **Hourly Consulting Services**

We charge an initial consultation fee of \$1,000. Subsequent meetings are \$450 per hour. Fees are generally due upon completion of the services rendered. For clients with \$5 million or more of investable assets, for whom our comprehensive services are most appropriate, the initial consultation is complimentary.

You may terminate the financial consulting agreement upon written notice to our firm. If you have pre-paid financial consulting fees that we have not yet earned, you will receive a prorated refund of those fees. If financial consulting fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial consulting agreement.

### **Pension Consulting Services**

Our fee and fee paying arrangements for pension consulting services will vary based on the scope and complexity of the services to be rendered and will be determined on a case-by-case basis. You may terminate the consulting agreement by providing written notice to our company.

We do not require prepayment of a fee more than six months in advance and in excess of \$1,200. Certain pre-existing clients of the company may pay lower/different fees than those stated above.

We do not participate in a wrap fee program.

### **Additional Fees and Expenses**

As part of our wealth and trust advisory services to you, we may invest, or recommend that you invest, in exchange traded funds and indexed mutual funds. The fees that you pay to our company for wealth and trust advisory services are separate and distinct from the fees and expenses charged by exchange traded funds and indexed mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses in which we do not share in any portion. You may also incur transaction charges when purchasing or selling securities. These charges are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by exchange traded funds, indexed mutual funds, our company, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

### **Mortgage Payoff Considerations**

As part of our wealth and trust advisory services, we may provide advice on paying off mortgage balances. While we endeavor to provide advice to you in your best interests, we may have a potential conflict of interest in the rendering of such advice, because we may have an incentive to recommend maintaining account assets over paying down your mortgage which would result in our continued receipt of advisory fees on such assets. You are under no obligation, contractually or otherwise, to follow our advice on mortgage payoffs.

### **Rollover Considerations**

As part of our wealth and trust advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with

our company. This practice presents a conflict of interest because we may have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. If you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our company.

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

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

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

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

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



It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions please contact us.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

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

## **Item 7 Types of Clients**

We offer wealth and trust advisory services to individuals, trusts, estates, pension and profit sharing plans, charitable organizations, corporations, foundations and other business entities.

In general, we require a minimum of \$5,000,000 of investable assets to provide wealth and trust advisory services. At our discretion, we may waive this minimum. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you.

**Technical Analysis** - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities. However, we do not engage in market timing and/or day trading. We do not analyze individual stock securities.

- **Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. We do not analyze individual stock securities.

- **Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.

- **Risk:** The lengths of economic cycles may be difficult to predict with accuracy and 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.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than three years.

- **Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than three years, to take advantage of the securities' short-term price fluctuations.

- **Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we recommend investments and allocations based upon your objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

On rare occasions, we may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. However, there is a risk that frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

We utilize primarily a globally diversified asset allocation investment strategy using exchange traded funds, index funds, and no-load indexed mutual funds. Our objective in performing any analysis is to better focus on those investments and allocations which, will more likely provide you, over the long-term, with a level of return commensurate with your risk tolerance. Our recommendations are built upon a well-diversified global portfolio, a thorough Cash Flow Analysis, Modern Portfolio Theory, and Asset Allocation techniques.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Custodians and broker-dealers began reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Schwab will use the Tax Lot Optimizer™ method. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our company immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure, we primarily recommend exchange traded funds, indexed mutual funds, and no-load indexed mutual funds.

Exchange traded funds and indexed mutual funds are professionally managed collective investment securities that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other indexed mutual funds, other securities or any combination thereof. The fund may have a manager that trades the fund's investments in accordance with the fund's investment objective. While exchange traded funds and indexed mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from indexed mutual funds since they can be bought and sold throughout the day like stocks and their price can fluctuate throughout the day. The returns on exchange traded funds and indexed mutual funds can be reduced by the costs to manage the funds. Also, while some indexed mutual funds are "no-load" and charge no fee to buy into or sell out of the fund, other types of indexed mutual funds do charge such fees which can also reduce returns. Indexed mutual funds can also be "closed end" or "open end". So-called "open end" indexed mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

## **Item 9 Disciplinary Information**

Grove Street Fiduciary, LLC has been registered and providing wealth and trust advisory services since 1991. Neither our company nor any of our management persons has any reportable disciplinary information.

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

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below:

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. 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).
3. Futures commission merchant, commodity pool operator, or commodity trading advisor.

4. Banking or thrift institution.
5. Accountant or accounting company.
6. Lawyer or law firm.
7. Insurance company or agency.
8. Pension consultant.
9. Real estate broker or dealer.
10. Sponsor or syndicator of limited partnerships.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our company. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our company are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that persons associated with our company submit reports of their personal account holdings and transactions to a qualified representative of our company who will review these reports on a periodic basis. Persons associated with our company are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our company.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us.

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

Neither our company nor any persons associated with our company has any material financial interest in client transactions beyond the provision of wealth and trust advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our company or persons associated with our company may buy or sell/recommend securities for you at the same time we or persons associated with our company buy or sell such securities for our own account.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our company nor persons associated with our company shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

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

We seek to recommend a custodian/broker who will hold your 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, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds, 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 them
- Reputation, financial strength and stability of the provider
- Their prior service to us and our other 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. In addition to commissions, 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 us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. Here 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 you 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 some 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:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution
- Provides pricing and other market data
- Facilitates payment of our fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting.

### **Services That Generally Benefit Us**

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

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

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

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not pay for Schwab's services. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business 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.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our company to use one or more particular brokers for the transactions in their accounts. If you choose to direct our company to use a particular broker, you should understand that this might prevent our company from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

**Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, especially for significantly different sized transactions, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher or lower commissions, fees, and/or transaction costs than other clients.

**Item 13 Review of Accounts**

Carl Amos Johnson, Chief Executive officer, Chief Compliance Officer, and the investment advisor representative assigned to your account will monitor your accounts and review your investments on an ongoing basis to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current/stated investment needs and objectives. Written updates to the investment recommendations will be provided, if necessary, in conjunction with the review. Accounts which are maintained at custodians other than Schwab will be reviewed similarly. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- Contributions and withdrawals,
- Year-end tax planning,
- Market moving events,
- Security specific events, and/or,
- Changes in your risk/return objectives.

We will provide you with quarterly performance reports. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

**Item 14 Client Referrals and Other Compensation**

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or company for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

## **Item 15 Custody**

The SEC has deemed us to have custody of client assets for the following reason:

We deduct advisory fees from your account. As paying agent for our company, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our company to exercise limited custody over your funds or securities and only relative to earned advisory fees. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. You should compare our reports with the statements from your account custodian(s) to reconcile the information reflected on each document. If you have any questions regarding your account statement, or if you did not receive a statement from your custodian, please contact us.

## **Item 16 Investment Discretion**

Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or impose restrictions or prohibitions of transactions in the securities of a specific industry or security.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our company to contact you by electronic mail, in which case we would forward to you any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our company does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities or serve as trustee or signatory for client accounts and we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State-Registered Advisors**

We are a federally registered investment advisor and therefore this section is not applicable.



## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our company. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact us if you have any questions regarding this policy.

### **Trade Errors**

From time-to-time an error may occur when submitting a trade order on your behalf. In these situations, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

If a profit results from the correcting trade, the profit will remain in your account unless the same error involved other client account(s) 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 forego the gain (e.g., due to tax reasons).

If the profit does not remain in your account and Schwab is the custodian, Schwab donates gains of \$100 or more to charity. If a loss occurs greater than \$100, our company will pay for the loss. Schwab may retain gains of \$100 or less, if they are not kept in your account, to offset administrative expenses. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **Miscellaneous**

Grove Street Fiduciary, LLC's Business Continuity Plan was implemented in 2015. Primary points of contact for this document are Carl Amos Johnson, Chief Compliance Officer, and Hazel E. Hensel, Chief Operating Officer. A copy of this executed document is stored digitally.

Note to custodian regarding Series 65: Most states, including New Hampshire, waive the requirement of the Series 65 license if an individual holds and continues to maintain the Certified Financial Planner™ (CFP®) professional certification. An individual, who is currently in good standing with this professional certification can be registered as an IAR (reference <http://riaregistrar.com/faqs/>). All of Grove Street Fiduciary's IARs hold the CFP® professional certification and are therefore not required to hold the Series 65 license.