

DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

Part 2A of Form ADV: Firm Brochure

THE palmer | knight COMPANY

SEC File #: 801-101490
Firm IARD/CRD #: 112983

The Palmer Knight Company
REGISTERED INVESTMENT ADVISOR



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This Disclosure Brochure provides information about the qualifications and business practices of The Palmer Knight Company, which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about The Palmer Knight Company is also available on the SEC's website at www.adviserinfo.sec.gov.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that The Palmer Knight Company has attained a certain level of skill or training.

BROCHURE
DATED

**1
JANUARY
2023**



MATERIAL CHANGES

ITEM 2

There are no material changes to report. This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.





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BROCHURE SUPPLEMENTS



ADVISORY BUSINESS

Who We Are

The Palmer Knight Company¹ (hereinafter referred to as “the Company”, “we”, “us” and “our”) was founded by A. Palmer Knight in 1985 as a fee for service registered investment advisor² offering money management services³ to assist you, our client⁴, achieve long-term growth and capital appreciation in your investment portfolio.

Owners

The following persons control the Company:

Name	Title	CRD#
A. Palmer Knight	Chairman	272316
C. Davis Knight	President & Chief Compliance Officer	3202997

Assets Under Management

As of December 31, 2022, our assets under management totaled:

Client Discretionary Managed Accounts \$212,310,583

We do not offer non-discretionary investment management services.

Our Mission

Our mission is to capture the tremendous growth potential that is available in today's financial markets without exposing assets to risk levels that are inappropriate for you or counterproductive to your goals. We maintain one overall objective - structure and implement investment strategies designed to maximize wealth, maintain investment expectation, and minimize risk.

What We Do

We manage diversified portfolios of primarily equity (“stock”) positions and fixed income/debt (“bond”) instruments. Depending on our market research, analysis of securities, and review of company earnings reports, your investment portfolio will consist of those securities that we feel can beat popular market indices over a complete market cycle. Your investment portfolio will include of one or a combination of these investment approaches:

¹ In 1985, A. Palmer Knight became a majority shareholder of Canipelli & Company, Inc. and changed the name to Canipelli, Knight & Company, Inc. and then again to Allen & Knight Investment Management Company in 1998. Finally, in May of 2001, The Palmer Knight Company was incorporated and acquired all the assets of the existing advisory firm Allen & Knight Investment Management Company.

² The term “registered investment advisor” is not intended to imply that The Palmer Knight Company has attained a certain level of skill or training. It is used strictly to reference the fact that we are “registered” as a licensed “investment advisor” with the United States Securities & Exchange Commission and “Notice Filed” with State Regulatory Agencies that have limited regulatory jurisdiction over our business practices.

³ The Palmer Knight Company is a fiduciary, as defined within the meaning of Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) and/or as defined under the Internal Revenue Code of 1986 (the “Code”) for any money management services provided to a client who is: (i) a plan participant or beneficiary of a retirement plan subject to ERISA or as described under the Code; or (ii) the beneficial owner of an Individual Retirement Account (“IRA”).

⁴ A client could be an individual and their family members, a family office, a foundation or endowment, a charitable organization, a corporation and/or small business, a trust, a guardianship, an estate, or any other type of entity to which we choose to give investment advice.



- ❖ **Capital Appreciation** - An active investment strategy designed to yield superior investment returns that perform well in the current economic environment.
- ❖ **Capital Preservation** - A balanced investment strategy designed to produce consistent, stable investment returns that do not fluctuate wildly with daily changes in the financial markets.
- ❖ **Capital Conservation** - A passive investment strategy designed to protect assets in retirement and capitalize on investment returns that yield either a low tax base income or are tax exempt.

You will find more information about our management fees and services under “Portfolio Management” in Item 5, “Fees & Compensation”; and further description of our investment strategies under Item 8, “Methods of Analysis, Investment Strategies & Risk of Loss.”

How We Get to Know You

As a new client, we will have a pre-advisory consultation with you to discuss issues such as your current income and expenses, career, personal goals, investment return expectations and prior investment experience. In addition, we may have you complete a profile questionnaire⁵ to gain greater insight into your financial needs.

With the complexity of today’s marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful portfolio management strategy. Our meetings with you to discuss your finances will help to eliminate much of the guesswork in achieving the security and independence you desire while simplifying your financial alternatives. In return, we will have:

- ❖ Defined and narrowed objectives and investment options;
- ❖ Identified areas of greatest distress;
- ❖ Developed a strategy for addressing future concerns;
- ❖ Cultivated peace of mind; and,
- ❖ Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare an assessment that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This assessment plan will guide us in the management of your account(s); and, as a standard against which to measure future results and to make modifications where necessary.

FEES & COMPENSATION

ITEM 5

Portfolio Management

Portfolio management is provided on an asset-based fee arrangement. Management fees are calculated using the **Average Monthly Balance** of your portfolio on the last business day in each of the last three (3) months in the previous calendar quarter multiplied by the corresponding annual percentage rate (i.e., $1.50\% \div 4 = 0.375\%$). See “Billing” below under

⁵ The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or chooses to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.





“Protocols for Portfolio Management” for more information on how the Average Monthly Balance is determined.

We retain **discretion to negotiate the management fee for each tier** on a client-by-client basis depending on the size and complexity of the portfolio managed. In addition, as your portfolio value exceeds each tier level, either through additional deposits or asset growth, a fee break will occur. The tier breaks are as follows:

Account Value	Annual Fee Rate
\$0 to \$1,000,000	1.50%
\$1,000,001 to \$6,000,000	1.00%
Over \$6,000,000	0.75%

We generally require a minimum initial investment of **\$500,000** to open a managed account; however, we retain the right to **waive or reduce** this minimum if we choose to do so.

Protocols for Portfolio Management

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for investment services; (iii) deposits and withdrawals; and, (iv) other fees charged to your account(s).

Discretion

We will establish discretionary trading authority on all management accounts to execute securities transactions at anytime without your prior consent or advice.

At anytime however, you may impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.)

Billing

Your account will be billed each calendar-quarter **in arrears** based on the **Average Monthly Balance** of your portfolio for the three (3) months in the prior quarter. For example:

Calculating the Average Monthly Balance

Account Market Value	
Values at the end of each closing month in a calendar quarter.	
1st Month.....	\$2,000,000
2nd Month.....	\$2,130,000
3rd Month	\$1,960,000
3 Month Total.....	\$6,090,000
Average Monthly Balance	\$2,030,000

NEW MANAGEMENT ACCOUNTS

For **new managed** accounts opened in mid-quarter, our fee will remain as the **Average Monthly Balance of your portfolio for the three (3) months** of the prior quarter; however, for the months you had no balance in your account, the closing month value will be \$0. For





example, if you opened a \$2,000,000 portfolio management account on May 15th, the April balance would be \$0, and if your monthly closing balances for May and June were \$2,060,000 and \$2,120,000 respectively, the total Average Monthly Balance would be \$1,393,334 ($\$0 + \$2,060,000 + \$2,120,000 = \$4,180,000 \div 3$). Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

Fee Exclusions

The above fees for all of our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: redemption fees, account fees, and purchase fees may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

Termination of Portfolio Management Services

To terminate our investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received **at least 30 days prior** to the date of termination (i.e.; To terminate services on October 1st, a request for termination should be received in our office by September 1st.). Such notification should include the date the termination will go into affect **along with any final instructions** on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination **does not fall on the last day of a calendar quarter**, our fee will **remain as the Average Monthly Balance of your portfolio for the three (3) months** of the quarter in which you terminate your account (See New Management Accounts above under Billing in "Protocols for Portfolio Management" as an example of how we calculate your final bill at termination.). Once the termination of investment advisory services has been implemented, **neither party has any obligation to the other** - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.





TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under “Who We Are” in the Item 4, the “Advisory Business” section. Our minimum account size for portfolio management is disclosed above under “Portfolio Management” in Item 5 above in the, “Fees & Compensation” section of this Brochure.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Our portfolio management services are designed to build long-term wealth while maintaining risk tolerance levels acceptable to you. We combine your financial needs and investment objectives, time horizon, and risk tolerance to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using a mix of equity (“stock”) positions and fixed income/debt (“bond”) instruments.

In addition, depending on your risk tolerance, we may also recommend using the following investment vehicles to achieve your desired investment objective: leveraged index funds, closed-end funds, hedge funds, derivatives (i.e., options, commodities, etc.), and other publicly/privately traded securities. However, these investment vehicles bring on a different risk dynamic. If we recommend investment in one of these securities, we will discuss with you the limitations of such security and the potential risk factors to your portfolio.

Methods of Analysis

In analyzing stock asset classes and bonds to develop an efficient portfolio, we will use a combination of analysis techniques to gather information and to guide us in our management decisions.

Fundamental Analysis

Fundamental analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company’s value and the strength of its financials while technical analysis is short-term focusing on the statistics generated by market activity to detect trends and momentum of stocks for ideal entry/exit points





Investment Strategies

We are not bound to a specific investment strategy or ideology for the management of your investment portfolio. We understand markets and **money made** from increased stock values has greater risk (volatility) than **money earned** from dividends (secure and stable) in income-oriented securities. Our goal is to balance making and earning money by maintaining a disciplined management approach, regardless of the strategy, so as to not sacrifice long-term goals for short term gains.

Investment positions in your portfolios are usually diversified into at least ten (10) different economic groups and sectors⁶ of the market in order to minimize sector and industry risk. A typical equity portfolio may hold 18 to 40 positions in individual stocks. The investment strategy for fixed income portfolios is designed to capitalize on opportunities available during the interest rate cycle. Bonds also provide added diversification for accounts requiring higher income. The Company's objective is to pay close attention to the spreads between government and corporate bonds and invest primarily in high quality investment grade bonds. Municipal bonds are utilized in taxable accounts if they provide a higher tax-advantaged yield.

Equity Investing

Equity investing involves selecting individual stocks, equity mutual funds, and/or ETFs for your portfolio(s). Our strategy for selecting individual stocks is to find stocks that trade for less than their intrinsic values, being more concerned with the business and its fundamentals than other influences on the stock's price. Our goal is to find stocks that we believe the market has undervalued but still have growth potential.

We perform fundamental analysis of a company's stock looking at both the qualitative (business model, governance, earning potential, target market factors, etc...) and quantitative (ratios, cash flow, dividends, financial statement analysis, etc...) aspects of the company to determine if the business is currently out of favor with the market and the stock price is deflated. Generally, if we find that a company's fundamentals reveal the stock to be undervalued, we will buy and hold the security until it reaches our sell target price.

Bond Investing

Our bond investing focuses on an investment portfolio that aims to achieve long-term returns by investing in individual fixed income bonds generally with ratings of BBB or better at the time the investment is made. We also utilize fixed income mutual funds and ETFs. The investment methodology of the portfolio uses fixed income strategies designed to match the portfolio to your current and future income needs. We periodically assess our fixed income portfolios with regards to duration (interest rate sensitivity), industry and sector weightings, convexity, and yield to maturity, liquidity and quality - the key factors that determine fixed income market performance.

Asset Allocation

We have developed three model portfolio structures that are used as asset allocation guidelines in designing your investment portfolio. Each model consists of a different "target" allocation comprised of stocks from at least ten (10) economic groups and sectors and bonds. These economic groups and sectors represent companies with like products and/or services; for example, steel and paper companies represent two groups within the same sector - Basic

⁶ The different economic sectors are: Basic Materials, Energy, Industrials, Consumer Discretionary, Consumer Staples, Healthcare, Financials, Information Technology, Telecommunications, and Utilities.





Materials. We spread client assets across these different groups and sectors to reduce over-exposure in any one area of the economy, and therefore, create a more prudent approach to managing risk.

The investment mix is uniquely designed to achieve the desired investment return. The selected stocks, bonds, and money market funds in your investment portfolio are diversified to reflect your risk profile. Typical composition mix classifications:

Asset Allocation Model	Percentage of		
	Stocks	Bonds	Cash
Capital Appreciation (Growth)	70% - 100%	0% - 20%	0% - 10%
Capital Preservation (Balanced)	60% - 90%	10% - 30%	0% - 20%
Capital Conservation (Protection)	10% - 50%	30% - 60%	10% - 40%

Such allocation guidelines are a representation of a typical account composition but should not be construed as absolute. Ultimately, the exact composition makeup and allocation of securities are determined by your investment parameters, which can compose a more detailed and/or complex structure.

Managing Risk

The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the **market risk** factor, also known as variability or volatility risk. Other important risk factors:

- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- ❖ **Inflation Risk** - The reduction of purchasing power of investments over time.
- ❖ **Commodity Risk** - Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list but are the most common risks your portfolio will encounter. Other risks that we haven't defined could be political, over-concentration, and liquidity to name a few. However notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.**

DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.





OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

We are a fee for service registered investment advisor; none of our supervised persons are licensed, or are related to, another financial industry participant and therefore no disclosure is necessary for this item.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Client Transactions

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

Participation or Interest

It is against our policies for any owners, officers, directors and employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer, C. Davis Knight, and such investment is not in violation of any SEC and/or State rules and regulations.

Insider Trading Policy

The Company is in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public information with anyone who does not need to know and has set-up internal controls to guard your personal information.





Class Action Policy

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

Personal Trading

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative, or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Mr. C. Davis Knight reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Aggregating Trade Orders" under Item 12, "**Brokerage Practices**") may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Mr. Knight to ensure that such activities do not impact upon your security or create conflicts of interest.

BROKERAGE PRACTICES

ITEM 12

Custodial Services

The Company maintains custodial arrangements with Trade-PMR Inc., a licensed broker/dealer (member FINRA/SIPC), clearing through First Clearing, LLC as clearing broker. Trade-PMR offers us services, which include custody of securities, trade execution, clearance and settlement of transactions.

Our recommendation for you to custody your assets with Trade-PMR has no direct correlation to the services we receive from Trade-PMR and the investment advice we offer you, although **we do receive economic benefits for which we do not have to pay** through our relationship with Trade-PMR that are typically not available to Trade-PMR retail clients. These benefits include the following products and services (provided without cost or at a discount):

- ❖ Receipt of duplicate client statements and confirmations;





- ❖ Research related products and tools; consulting services;
- ❖ Access to a dedicated trading desk;
- ❖ Access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts);
- ❖ The ability to have advisory fees deducted directly from accounts;
- ❖ Access to an electronic communications network for order entry and account information; and,
- ❖ Access to mutual funds and ETFs with no transaction fees and to certain institutional money managers.

We are not a subsidiary of, or an affiliated entity of, Trade-PMR. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Trade-PMR.

Direction of Transactions and Commission Rates (Best Execution)

We have a fiduciary duty to put your interests before our own. The advisory support services we received from Trade-PMR creates an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Trade-PMR may have been influenced by these arrangements/services. **This is not the case;** we have selected Trade-PMR as our custodians of choice based on:

1. Their competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Trade-PMR staff.

Since we do not recommend, suggest, or make available a selection of custodians other than Trade-PMR, and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Trade-PMR as your custodian.** However, if you elect to use another custodian, **we may not be able to provide you complete institutional services.**

Aggregating Trade Orders

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for you, as well as with all our clients. Therefore, if we are considering bunching orders, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition, preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.





- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

If you would like more detailed information on our trading allocation policies, a copy is available for review upon request.

REVIEW OF ACCOUNTS

ITEM 13

Each account is reviewed on an ongoing basis by both A. Palmer Knight and C. Davis Knight to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive, at least quarterly, statements from Trade-PMR where your account is custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions. You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is **your responsibility** to communicate these changes to us so that the appropriate adjustments can be made.

CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

Referral Compensation

We may directly compensate persons/firms for client referrals, provided those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if a solicitor referred you to us, the solicitor will provide complete information on our relationship and the compensation that solicitor will receive should you choose to open an account. In no case will the fee that you pay be higher than it would be if you had dealt directly with us. In addition, we will adhere to each State's rules and regulations where the Solicitor resides prior to entering into any solicitation agreement with that person/firm.

Other Compensation (Indirect Benefit)

The Company receives an indirect economic benefit from Trade-PMR (See "Custodial Services" above under Item 12, "**Brokerage Practices**" for more detailed information on these services and products could be.).

Retirement Rollover Compensation

Earning a management fee from recommending the rollover of retirement plan assets to an IRA we manage is considered "self-dealing" and prohibited unless we comply with the Prohibited Transaction Exemption ("PTE") 2020-02, "Improving Investment Advice for Workers & Retirees" exemption issued by the Department of Labor. The DOL considers earning a management fee "self-dealing" because it increases our compensation and profits while potentially disregarding the underlying costs paid by, and the services provided under, the retirement plan that might be more beneficial to you should your retirement assets remain with the plan. Therefore, when it comes to your retirement assets, there are typically four options you should consider when leaving an employer:





- ❖ Leave the account assets in the former employer's plan, if permitted.
- ❖ Rollover the assets to the new employer's plan if one is available and rollovers are permitted.
- ❖ Rollover the account assets to an Individual Retirement Account (an "IRA"); or,
- ❖ Cash out the retirement account assets (There may be tax consequences and/or IRS penalties depending on your age.).

Should you approach us to advise you on which option would be the best for your situation, we have an economic incentive to recommend you rollover your retirement account to a managed IRA account with us where we would earn a management fee on the assets. This can create a conflict of interest and the objectivity of the advice we render subjective and a disadvantage to you. Therefore, if we recommend you rollover your retirement account to an individually managed IRA account, you are under no obligation to engage us to manage your assets. You are free to take your account anywhere.

CUSTODY

ITEM 15

Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with Trade-PMR, Inc. as indicated above in Item 12, "Brokerage Practices."

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. Therefore, to comply with the United States Securities and Exchange Commission's Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian (Trade-PMR) in a separate account in your name.
- ❖ Authorization to withdraw our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.

Trade-PMR is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from Trade-PMR to verify the accuracy and correctness of our reporting.**

INVESTMENT DISCRETION

ITEM 16

We have you complete our Investment Advisory Agreement which sets forth our discretionary trading authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.





You may, at any time, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

VOTING CLIENT SECURITIES

ITEM 17

We do not vote client proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However, if you have specific questions regarding an action being solicited by the proxy that you do not understand, or you want clarification, you may contact us, and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

END OF DISCLOSURE BROCHURE

