



COLORADO
FINANCIAL
MANAGEMENT®
A Lido Company

Colorado Financial Management LLC

SEC File Number: 801 – 56204

ADV Part 2A, Firm Brochure

Dated: March 30, 2023

Contact: Jason P. Lee, Chief Legal and Compliance Officer
4840 Pearl East Circle, Suite 300E
Boulder, CO 80301
www.colofinancial.com

This brochure provides information about the qualifications and business practices of Colorado Financial Management LLC. If you have any questions about the contents of this brochure, please contact us at (800) 301-5436 or compliance@colofinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Colorado Financial Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Colorado Financial Management LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2: Material Changes

On February 27, 2023, Sargent Bickham Lagudis LLC d/b/a Colorado Financial Management entered into a transaction with Lido Advisors, LLC (“Lido”), a Los Angeles-based investment adviser registered with the Securities and Exchange Commission, whereby, among other things, Sargent Bickham Lagudis LLC (“SBL”) was acquired in full by Lido. Subsequently SBL changed its name changed to “Colorado Financial Management, LLC” (“CFM”) and will operating as Colorado Financial Management, A Lido Company. Further, CFM’s clients assigned their investment advisory agreements to Lido, and CFM became the sub-advisor to manage these clients. All of CFM’s personnel, offices, and operations remain in place.



Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	6
Item 6	Performance-Based Fees and Side-by-Side Management	8
Item 7	Types of Clients	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9	Disciplinary Information.....	11
Item 10	Other Financial Industry Activities and Affiliations	11
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12	Brokerage Practices	13
Item 13	Review of Accounts.....	16
Item 14	Client Referrals and Other Compensation	17
Item 15	Custody	17
Item 16	Investment Discretion.....	17
Item 17	Voting Client Securities	18
Item 18	Financial Information	18



Item 4: Advisory Business

- A. Colorado Financial Management LLC is a Delaware limited liability company that is the successor entity to Sargent Bickham Lagudis LLC, d/b/a Colorado Financial Management, which was a Colorado limited liability company formed in December 1998 (predecessor and successor entities shall be referred to as “Firm” or “CFM”). The Firm became registered as an investment adviser with the Securities and Exchange Commission (“SEC”) in March 1999.
- B. On February 27, 2023, Sargent Bickham Lagudis LLC d/b/a Colorado Financial Management entered into a transaction with Lido Advisors, LLC (“Lido”), a Los Angeles-based investment adviser registered with the Securities and Exchange Commission, whereby, among other things, Sargent Bickham Lagudis LLC (“SBL”) was acquired in full by Lido (the “Transaction”). Subsequently SBL changed its name to “Colorado Financial Management, LLC” (“CFM”) and will be operating as Colorado Financial Management, A Lido Company. Further, CFM’s clients assigned their investment advisory agreements to Lido, and CFM became the sub-advisor to manage these clients. All of CFM’s personnel, offices, and operations remain in place.
- C. As discussed below, the Firm offers to its clients (individuals, business entities, pension and profit-sharing plans, trusts, banks or thrift institutions, estates and charitable organizations, etc.) investment advisory services and financial planning and related consulting services when applicable.

Investment Advisory Services

The client can determine to engage the Firm to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. In addition, CFM acts as a sub-advisor to certain Lido clients, formerly CFM clients, at a fee determined by Lido, and provides these services to these clients, under Lido’s supervision.

The Firm’s annual investment advisory fee is set out in the Investment Advisory Agreement and includes investment advisory services, and may include, to the extent specifically requested by the client and agreed to by the Firm, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Firm), the Firm may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice agreed to by the client.

Before the Firm provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Firm will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Firm provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by the client, the Firm *may* determine to provide extraordinary financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone, separate fee basis. The Firm’s planning and consulting fees may either be a fixed fee or on an hourly basis and are negotiable depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Firm to provide planning or consulting services only, clients are generally required to execute an agreement with the Firm setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to the Firm commencing services. If requested by the client, the Firm may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Firm. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client’s responsibility to promptly notify the Firm if there is ever any change in his/her/its financial situation, tax status, or investment objectives for the purpose of reviewing/evaluating/revising the Firm’s previous recommendations and/or services.

Miscellaneous



Non-Investment Consulting/Implementation Services. To the extent requested by the client, the Firm may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Firm, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Firm's services should be construed as same. To the extent requested by a client, the Firm may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Firm. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Firm if there is ever any change in his/her/its financial situation, tax status, or investment objectives for the purpose of reviewing/evaluating/revising the Firm's previous recommendations and/or services.

Client Obligations. In performing its services, the Firm shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Firm if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising the Firm's previous recommendations and/or services.

Disclosure Statement. A copy of the Firm's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or financial planning agreement.

- C. The Firm shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Firm shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Firm's services.
- D. The Firm does not participate in a wrap fee program.
- E. As of December 31, 2022, the Firm had \$1,939,791,435 in assets under management on a discretionary basis and \$12,126,814 in assets under management on a non-discretionary basis.

Fiduciary Responsibility for Retirement Accounts

When we provide investment advice to a client regarding a retirement plan account or individual retirement account, CFM is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way CFM makes money creates some conflicts with your interests, so we operate under a special rule that requires us to act in the best interest of the client and not put CFM's interest ahead of the client's interest.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice)
- Never put CFM's financial interests ahead of the client's financial interests when making recommendations (give loyal advice)
- Avoid misleading statements about conflicts of interests, fees, and investments
- Follow policies and procedures designed to ensure that CFM gives advice that is in the best interest of the client
- Charge no more than is reasonable for services provided
- Give the client basic information about conflicts of interest



Item 5: Fees and Compensation

- A. The client can select to engage the Firm to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis.

Investment Advisory Services

The Firm's Asset Management fee is calculated based on a variable, annual percentage determined by the client's managed assets' value as of the last quarter end. The variable annual percentage is determined by the client's managed assets' value reflected below:

Annual Percentage	Managed Asset Amount
1.25%	on account assets under \$2,000,000
1.00%	over \$2,000,000

This fee schedule applies only to the Firm's Asset Management fee. Other fees, such as those levied by custodians, TPAMs, or sub-advisors, will be in addition to the Asset Management fee.

Relevant in determining the total Asset Management fee is Firm's valuation of the client's account at the time the fee is assessed. When determining market value of an account for purposes of calculating advisory fees, the Firm's policy is as follows.

- For all publicly-traded, marketable securities held by the client, the Firm receives daily prices electronically from a third-party provider, which are reconciled with daily prices received by clients' custodians. Any noted discrepancies are promptly corrected, and the reconciled prices are used for determining market value. Market value of an account includes securities and cash and cash equivalents in the account.
- For privately-held, hard to value, or illiquid (where no public market or ready access to buyers or sellers) securities, such as alternative investments such as private funds, the Firm evaluates the value provided by the third party managing the investment, the Firm's own valuation due diligence practices, and at least a quarterly review of those investments.

The Asset Management fee is prorated by quarter and is paid per quarter in arrears in four quarter increments. The Firm determines the average daily balance of a client's assets on the last day of the last month of each quarter and assesses the Asset Management fee based on that average daily balance for each day of that quarter. This calculation includes the market value of assets held on margin.

A \$2,500 minimum Asset Management fee per quarter applies. The Firm also has discretion to waive or reduce the Asset Management fee with respect to any client, based on account size, the investment strategy, and the relationship between the client and the Firm, among other factors. The Firm generally waives fees for its employees and their friends or relatives. The Firm, at its discretion, will provide billing credits against its management fees for professional legal and tax services to qualifying clients. Lower fees for comparable services may be available from other sources.

Finally, should a client begin its relationship with the Firm in the middle of a quarter, the Asset Management fee will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. If the Firm's services are terminated prior to quarter end, the Firm will prorate the Asset Management fee.



Financial Planning And Consulting Services (Stand-Alone)

The Firm offers consultation services at a \$500 hourly or negotiated fixed rate. The Firm maintains sole discretion as to these rates. In some circumstances, the Firm will charge an additional fee for advanced financial planning. Such arrangements will be negotiated with the client in terms of services needed and fees charged and be memorialized under separate agreement. The fees for these advanced planning services will vary based on the service required and are negotiable.

- B. Advisory fees will be deducted directly from the designated custodian account(s) and paid directly to CFM unless the client has made other arrangements. Both the Firm's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Firm's investment advisory fee and to directly remit that management fee to the Firm in compliance with regulatory procedures. In the limited event that the Firm bills the client directly, payment is due upon receipt of the Firm's invoice. The Firm shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below in Item 12, unless the client directs otherwise or an individual client's circumstances require, the Firm will generally recommend that Charles Schwab and Co., Inc. ("Schwab") or Fidelity Clearing & Custody Solutions ("Fidelity") serve as the broker-dealer/custodian for client investment management assets. Other custodians used by the Firm's clients include TD Ameritrade, and Bank of Oklahoma Financial.. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for certain individual equity and fixed income securities transactions). In addition to the Firm's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

Tradeaway/Prime Broker Fees. Relative to its discretionary investment management services and when beneficial to the client, individual fixed income transactions may be traded through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (Schwab).

- D. The Firm's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The fee will be adjusted to reflect any additions or distributions during the period that exceed \$10,000 and/or result in a change in the fee of more than \$25. Fees will be assessed at the end of each three-month reporting period for the number of days managed.

Fees will be calculated on the total assets of all managed portfolios referenced herein, and the combined fee will be distributed to each portfolio in proportion to the total managed assets of the client, unless Client directs otherwise.

Client will be provided with an informational invoice when the account is billed. The Firm does not charge a minimum fee. The Firm, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, amount of assets held in cash positions, negotiations with client, etc.).



The Firm requires an account minimum of \$500,000 for its investment advisory services but may, in its sole discretion, accept accounts with a smaller portfolio and negotiate the fee.

The *Investment Advisory Agreement* between the Firm and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Firm shall debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days those services were provided during the billing quarter.

- E. Neither the Firm, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-by-Side Management

Neither the Firm nor any supervised person of the Firm accepts performance-based fees. As such, there are no issues relating to side-by-side management of accounts.

Item 7: Types of Clients

The Firm's clients shall generally include individuals, business entities, pension and profit-sharing plans, trusts, banks or thrift institutions, estates and charitable organizations, etc. The Firm does not charge a minimum fee. The Firm, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The Firm requires an account minimum of \$500,000 for its investment advisory services but may, in its sole discretion, accept accounts with a smaller portfolio and negotiate the fee.

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

A. The Firm may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Firm may utilize any combination of the following five investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)



- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Firm) will be profitable or equal any specific past or present performance level(s).

- B. The Firm's methods of analysis and investment strategies may, depending on the strategy, present significant or unusual risk, including the complete loss of principal.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Firm must have access to current/new market information. The Firm has no control over the dissemination rate of market information; therefore, unbeknownst to the Firm, certain analyses may be compiled with outdated market information, severely limiting the value of the Firm's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Of the five investment strategies described above, the Firm uses three fundamental investment strategies - Long Term Purchases, Short Term Purchases, and Trading as its primary investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy.

In addition to the investment strategies discussed above, the Firm may also implement and/or recommend the use of margin and/or options strategies. Each of these strategies has a high level of inherent risk.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Please Note: To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Firm in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Firm may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Firm. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the



option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Firm shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions that may be implemented by the Firm is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Firm, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, the Firm primarily allocates client investment assets among various individual equity and fixed income securities, mutual funds, exchange traded funds, options and other hedging strategies, and alternative investments, including, but not limited to, private exempt from SEC-registration and illiquid pooled investment vehicles ("Private Funds"), on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s). All client portfolios are subject to periodic rebalancing to maintain the designated investment objectives.
- D. Private Funds are both operated by third parties or by Lido. CFM will only recommend these Private Funds (or any similar investment) in instances where, among other criteria, clients meet minimum statutory requirements for these Private Funds and that these Private Funds are otherwise suitable. For Private Funds operated by Lido, there is an actual conflict of interest in that CFM may be biased in favor of recommending these investments and investing may accrue economic benefit to CFM, through Lido. CFM addresses these conflicts of interest in that Lido does not charge any asset management fees relating to its Private Funds (an administrative fee is charged to address estimated operating costs) and monitors and reviews these investments on a no less than annual basis. Clients, however, could invest in similar investments at lower cost.

Item 9: Disciplinary Information

The Firm has not been the subject of any legal or disciplinary actions.

Item 10: Other Financial Industry Activities and Affiliations

- A. Neither the Firm, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Firm, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Firm is wholly owned by Lido, a Los Angeles-based investment adviser registered with the SEC with offices across the country. On February 27, 2023, the Firm entered into a transaction with Lido, whereby, among other things, SBL was acquired in full by Lido. Subsequently SBL changed its name to CFM and will be operating as Colorado Financial Management, A Lido Company. Further, CFM's clients assigned their investment advisory agreements to Lido, and CFM became the sub-advisor to manage these clients. All of CFM's personnel, offices, and operations remain in place. The Firm also entered into a managed services agreement to provide all or substantially all of the resources, including, but not limited to, Lido's employees in the operations, compliance, and investment management, among other departments. Certain CFM former



employees (all of whom became Lido employees following the Transaction), will be Investment Advisor Representatives (“IARs”) of CFM and will provide investment advice to clients. Other CFM former employees, who are now Lido employees, will be Investment Advisor Representatives of both CFM and Lido, and will provide investment advice to both CFM and Lido clients.

The Transaction and these arrangements present certain actual or potential conflicts of interest, including, but not limited to:

- CFM and Lido clients may receive disparate treatment depending on the circumstances, including, but not limited to, access to and deployment of capital to certain strategies and investments, particularly if those strategies or investments have limited capacity;
- As Lido is providing for all of CFM resources, these resources may be constrained due to other obligations at Lido and consequently Lido clients may receive more resources than CFM clients; and
- Implementation and integration of Lido resources following the Transaction may take more time than anticipated and as a result, CFM because those resources originate or are Lido resources, may not have the equivalent access to resources.

Lido centrally manages the deployment and utilization of its resources and has developed certain policies and procedures to address these actual or potential conflicts of interest. For example, CFM, through its sub-advisory relationship with Lido, will have access to the full suite of Lido strategies, including, but not limited to, option strategies and proprietary and third-party alternative investments. CFM will also benefit from the full participation in Lido’s Investment Committee and will be incorporated into Lido’s processes relating to trading client assets in order to remediate any potential conflicts of interest relating to trading. In addition, CFM will be fully integrated into Lido’s operations and will be centrally managed by Lido’s Chief Operating Officer. There policies and procedures, among others, will be used to identify any actual or potential conflicts of interest such that those arising will be addressed consistent with CFM’s and Lido’s fiduciary duty to their respective clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

- A. The Firm maintains an investment policy relative to personal securities transactions. This investment policy is part of the Firm’s overall Code of Ethics, which serves to establish a standard of business conduct for all of the Firm’s “Access Persons” that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Firm also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Firm or any person associated with the Firm.

- B. The Firm and/or Access Persons of the Firm *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Firm and/or Access Persons of the Firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Firm did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Firm’s clients), and other potentially abusive practices.



The Firm has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Firm's Access Persons. The Firm's personal securities transaction policy requires that an Access Person of the Firm must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Firm selects.

- C. The Firm and/or Access Persons of the Firm *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Firm and/or Access Persons of the Firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Firm has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of the Firm's Access Persons.
- D. CFM may, if and when appropriate, refer clients to Lido-affiliated services, including, but not limited to, legal, estate planning, tax consulting, and trust and fiduciary services. CFM may provide credits against its investment advisory fee to offset the costs of these affiliated services or may otherwise directly pay for these affiliated services on behalf of its clients. As CFM is wholly-owned by Lido, this is an actual conflict of interest that is addressed by, among other policies and procedures, disclosures concerning any actual or potential economic benefit to Lido or CFM, and routine monitoring and review by Lido and CFM on a no less than annual basis to ensure that that these recommended affiliated services are consistent with CFM's fiduciary duty to its clients.
- E. As CFM is wholly-owned by Lido, Lido's actual or potential conflicts of interest are relevant for consideration in a client's decision to retain an investment advisor and are set forth here and incorporated by reference in Lido's Form ADV Part 2A, which is available upon request or available here: <https://adviserinfo.sec.gov/firm/summary/269866>.

Item 12: Brokerage Practices

- A. The Firm does not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw fees from your account. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In the event that the client requests that the Firm recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Firm to use a specific broker-dealer/custodian), the Firm generally recommends that investment management accounts be maintained at Schwab or Fidelity. We are independently owned and operated and not affiliated with any custodian. In addition, clients can choose to have their assets held at TD Ameritrade. The custodians will hold your assets in a brokerage account and buy and sell securities when the Firm or you instruct them to. While we may recommend that you use Schwab or Fidelity as custodian, you will decide whether to do so and open your account by entering into an account agreement directly with them. We do not open the account for you. Prior to engaging the Firm to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with the Firm setting forth the terms and conditions under which the Firm shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Firm considers in recommending Schwab or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with the Firm, and the custodian's financial strength, reputation, execution capabilities, pricing, research, and quality and range of services. A client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where the Firm determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the



determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capabilities, commission rates, and responsiveness. Accordingly, although the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, the Firm's investment management fee. The Firm's best execution responsibility is met if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

For our clients' accounts they maintain, Schwab or Fidelity generally do not charge you separately for custody services but is compensated by charging you commissions or other fees on money market accounts and trades that it executes or that settle into your account.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, the Firm may receive from Schwab or Fidelity (or another broker-dealer/custodian, investment platform, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Firm to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Firm may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by the Firm in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Firm in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Firm to manage and further develop its business enterprise.

The Firm's clients do not pay more for investment transactions effected and/or assets maintained at Schwab or Fidelity as a result of this arrangement. There is no corresponding commitment made by the Firm to Schwab or Fidelity any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Schwab Referrals

The Firm receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through the Firm's participation in Schwab Advisor Network™ ("the Service"), designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with the Firm. Schwab does not supervise the Firm and has no responsibility for the Firm's management of clients' portfolios or the Firm's other advice or services. The Firm pays Schwab fees to receive client referrals through the Service. The Firm's participation in the Service may raise potential conflicts of interest described below.

The Firm pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by the Firm is a percentage of the fees owed by the client to the Firm or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. The Firm pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to the Firm quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by the Firm and not by the client. The Firm has agreed not to charge clients referred through the Service any fees or costs greater



than the fees or costs the Firm charges clients with similar portfolios (pursuant to the Firm's standard fee schedule as in effect from time to time) who were not referred through the Service.

The Firm generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab, unless the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees the Firm generally would pay in a single year. Thus, the Firm will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of the Firm's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, the Firm will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit the Firm's fees directly from the accounts.

For accounts of the Firm's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from the Firm's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, the Firm may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. The Firm nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for the Firm's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

2. As discussed at length immediately above under the "Schwab Referrals" heading, the Firm may receive client referrals from Schwab through its participation in Schwab Advisor Network™.
3. The Firm does not generally accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and the Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by the Firm. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs the Firm to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through the Firm.

- B. To the extent that the Firm provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate



equitably among the Firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13: Review of Accounts

- A. For those clients to whom the Firm provides investment supervisory services, account reviews are conducted on an ongoing and periodic basis by the Firm's Principals and representatives. All investment advisory clients are advised that it remains their responsibility to advise the Firm of any changes in their investment objectives, tax status, and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), tax status, investment objectives, and account performance with the Firm on an annual basis.
- B. The Firm may conduct account reviews on other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives, tax status, and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with regular written summary account statements directly from the broker-dealer/custodian for the client accounts. The Firm may also provide a written periodic report summarizing account activity and performance.

Item 14: Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Firm may receive an indirect economic benefit from Schwab or Fidelity. The Firm, without cost (and/or at a discount), may receive support services and/or products from Schwab or Fidelity.

The Firm's clients do not pay more for investment transactions effected and/or assets maintained at Schwab or Fidelity as a result of this arrangement. There is no corresponding commitment made by the Firm to Schwab or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, ETFs, securities or other investment products as a result of the above arrangement.

- B. The Firm does not use promoters.

Item 15: Custody

Under government regulations, the Firm is deemed to have custody of client assets if the client authorizes the Firm to instruct the custodian to deduct the Firm's advisory fees directly from clients' accounts. However, the clients' custodians maintain actual custody of clients' assets. The Firm has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with regular written summary account statements directly from the broker-dealer/custodian for the client accounts. These notices and statements will be sent by the custodians to the clients' email, postal mailing address, or portal. The Firm also provides a written periodic report summarizing account activity and performance. As such, the Firm is



deemed to be a custodian on its clients' accounts. However, all client assets are held at Charles Schwab, TD Ameritrade, Fidelity, and/or Bank of Oklahoma Financial, which act as the broker-dealers and custodians.

Please Note: Clients are urged to promptly review the periodic account statements or reports and compare them to the statements or reports received from the account custodian.

Please Also Note: The account custodian does not verify the accuracy of the Firm's advisory fee calculation.

Item 16: Investment Discretion

The client can determine to engage the Firm to provide investment advisory services on a discretionary basis. Prior to the Firm assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, granting the Firm full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Firm on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Firm's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Firm's use of margin (if previously agreed to by the client), etc.).

Item 17: Voting Client Securities

A. CFM votes proxies only on behalf of a limited number of clients. All other clients are responsible for voting proxies. However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Firm votes proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Firm uses a third-party service to vote proxies on behalf of its clients. This service has a proprietary research platform that uses publicly available information to determine its proxy voting decisions and has disclosed to the Firm the methodologies used in formulating voting recommendations. The Firm will monitor corporate actions of individual issuers and investment companies consistent with the Firm's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which the Firm will consider when determining how it will vote differ on a case-by-case basis, they may, but are not limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Firm may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Firm may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Firm shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Firm voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Firm's Chief Legal and Compliance Officer, Jason P. Lee.

B. As set forth in Item 17.A, the Firm votes client proxies.

Item 18: Financial Information

A. The Firm does not solicit fees of more than \$1,200, per client, six months or more in advance.



- B. The Firm is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Firm has not been the subject of a bankruptcy petition.

