



**Strategic Benefit Consultants, Inc.**

**dba SBC Wealth Management**

**SBC Brochure Document**

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The Form ADV, Part 2 Appendix, 1 (Wrap Fee Program Brochure or Wrap Brochure) provides information about the qualifications and business practices of Strategic Benefit Consultants, Inc. (SBC, Firm, us, we, our). If you have any questions about the contents of this brochure, please contact us at (317) 848-4744 or by email at [sbcompliance@sbwealth.com](mailto:sbcompliance@sbwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Our IARD firm number is 122433.

SBC is a registered investment adviser with the SEC. SBC's registration as an investment adviser does not imply any level of skill or training. Additional information about SBC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "Investment Adviser Search" and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV, as well as our Form CRS.

March 29, 2023

Strategic Benefit Consultants, Inc.

## Item 2 - Material Changes

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### ***Annual Update***

The Material Changes section of this Brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### ***Material Changes since the Last Update***

This Brochure, dated March 29, 2023, does contain material changes from our prior Brochure, dated March 28, 2022. The material changes can be found in Item 4, Other Compensation section, which we have updated to disclose that firm employees are no longer insurance licensed or affiliated. We have also removed similar disclosure language in Item 9 related to insurance affiliations as that disclosure is no longer relevant. We have added language related to Donor Advised Funds in Item 4. And we have added language in Item 4 related to Average Daily Balance billing, which we are instituting starting in May of 2023. Finally, we have added a new disclosure related to Rollovers in Item 4, and expanded disclosures related to wrap programs in Item 6.

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### ***Full Brochure Available***

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 317-848-4744 or by email at [sbccompliance@sbcwealth.com](mailto:sbccompliance@sbcwealth.com). You can also view or download a copy of our ADV Part 2 and CRS at any time by doing an online search at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4 - Services, Fees and Compensation

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### ***Principal Owners***

Scott G. Holley is a 29% stockholder. Patrick B. Morrow is a 44% stockholder. Erin N. Pentz is a 15% stockholder. Carson M. Shadowen is 10% stockholder. Andrew Fairman and Sarah B. DeCamp are 1% stockholders.

As of December 31, 2022, SBC managed \$878,349,670. Of this amount, \$875,453,332 of client assets were managed on a discretionary basis within 2,844 client accounts, and \$2,896,338 on a non-discretionary basis within 138 client accounts.

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### ***Types of Advisory Services***

The primary business of SBC, as a Wealth Management/Financial Planning firm, is to work with individual clients to help maximize current income and/or cash flow both taxable and tax free, and/or create long-term capital appreciation using prudent financial strategies consistent with our clients objectives, needs, risk tolerances, and assets.

Investment advice is an integral part of both wealth management and financial planning. In addition, SBC advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Broker-dealers and other financial institutions that hold investment accounts for advisory clients are referred to as custodians (hereinafter referred to as "custodian"). SBC does not act as a custodian of client assets (except in conjunction with SLOA's as further described in the Custody section below). SBC offers wealth management and financial planning services for its clients through its Investment Advisory Representatives (IARs).

A written evaluation in the form of a financial plan is required for each client's initial situation and is provided to the client. Periodic portfolio reviews are also communicated to provide reminders of the specific courses of action that needs to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which wealth management and/or financial planning may be beneficial to the client.

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## ***Wealth Management Services***

The Wrap Fee Program (Program or Wealth Management Services) offers individualized portfolio management, asset allocation, portfolio monitoring, and consolidated reporting. Portfolios may include mutual funds, exchange traded funds ("ETFs"), stocks, bonds, options, and alternative investments such as limited partnerships and real estate investment trusts.

SBC will obtain the necessary financial data from client, assist client in determining its suitability and setting the appropriate investment objectives tailored to the individual needs of the client. SBC will initiate the steps necessary to open the account. The client understands that the investment objective selected for the account is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. The client understands that achievement of the stated investment objective is a long-term goal for the account.

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## ***Fees and Compensation***

Fees for Wealth Management Services are as follows:

<u>Aggregate Account Value</u>	<u>Annual Fee</u>
\$15 million and up	Negotiable
\$10 million to \$14,999,999.99	.60%
\$7,500,000.00 to \$9,999,999.99	.65%
\$5,000,000.00 to \$7,499,999.99	.70%
\$3,000,000.00 to \$4,999,999.99	.85%
\$1,500,000.00 to \$2,999,999.99	1.00%
\$1,000,000.00 to \$1,499,999.99	1.15%
\$ 500,000.00 to \$ 999,999.99	1.25%

Fees are not negotiable below an account value of \$15 million, however, fees for SBC employee related accounts may be lower. If a client has an immediate family member(s) (defined as parents and children to include in-laws) that are also clients of SBC, the lowest household rate will apply to all family accounts.

Your custodian will determine the values of the assets in your account.

This wrap fee program may cost you more or less than purchasing these services separately, depending on the value of services that are provided to you under this program, and other factors. Therefore, IARs may have a financial incentive to recommend the wrap fee program over other programs or services.

Our fees may be higher or lower than the fees charged by other advisers for similar services.

A wrap fee program may cost you more or less than purchasing these services separately, depending on the amount of trading activity in your account, the value of services that are provided to you under this program, and other factors. Therefore, IARs may have a financial incentive to recommend the wrap fee program over other programs or services. Generally, wrap programs may result in higher overall costs to you in accounts that experience little trading activity.

### **Donor Advised Fund Advisory Services**

When suitable, SBC may recommend that clients utilize a Donor Advised Fund for charitable giving purposes. A Donor Advised Fund is one in which clients contribute cash or other assets to a charitable account which provides charitable donations over time as well as potential tax benefits to the client. All contributions are irrevocable and unconditional. Once a client makes a contribution to the Donor Advised Fund, the client can not have that money refunded, and they lose all legal authority and control over the contributions, factors which clients must be aware of and consent to. Clients with a Donor Advised Fund account size of over \$250,000 can have the account contributions managed by SBC. For account sizes of less than \$250,000, clients will not be managed by SBC but will instead be managed and invested in accordance with Schwab Charitable program requirements. Advisory Fees for Donor Advised Fund contributions are billed a flat 0.40%, though accounts are also subject to an Administrative fee as charged by Schwab, as well as other possible fees and expenses as outlined in Schwab Charitable's Agreement.

### **Rollovers**

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.

Investors leaving an employer or employer plan typically have four options regarding an existing retirement plan: (i) leave the money in the current plan (if permitted), (ii) roll over the assets to a new employer's plan (if one is available and rollovers are permitted), (iii) roll over to an Individual Retirement Account

("IRA"), or (iv) cash out the account value (which may have adverse tax consequences, depending on a number of factors, including a client's age).

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. All Rollovers that we conduct require the completion of a Rollover Analyzer, which will include these and additional disclosures. We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice to, because the assets increase our assets under management and hence our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest, and clients are under no obligation to rollover assets to an account managed by SBC.

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### ***Fee Billing***

The fee for Wealth Management Services is based on the value of the assets in the account (excluding cash holdings), and is payable quarterly in advance. For purposes of calculating the account fees and providing quarterly performance reports, the account quarter will begin on the first day of the month in which the account is opened, unless a different quarterly cycle is chosen. The initial account fee is due at the beginning of the quarter following execution of the Investment Advisory Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter.

Subsequent account fee payments are due and will be assessed at the beginning of each quarter based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service where available, or otherwise in good faith as reflected on the client's quarterly portfolio valuation report. All wrap program fees will be automatically deducted from the client accounts as indicated in the Investment Advisory Agreement, section 9. Clients do not have the option to be billed directly. SBC reserves the right to liquidate, at any time, a portion of the other assets in the account to cover the account fee or other charges.

Fees for our management services are charged based on a percentage of assets under management, billed in advance on a quarterly basis and calculated based on the average daily balance of the account(s) for the prior billing period. Under the average daily balance method, each day's balance for the quarter is summed then divided by the number of days in the quarter, to compute the average daily balance. The average daily



balance is then multiplied by the quarterly portion of the annual fee to determine the quarterly fee due.

SBC will aggregate client (or household) assets under management with SBC to determine where on the fee schedule, and the resulting breakpoint, a client will fall. Both SBC's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of SBC's investment advisory fee and to directly remit that management fee to SBC in compliance with regulatory requirements. Clients will be provided with a quarterly statement from account custodian reflecting deduction of the advisory fee. You should review those statements carefully and notify us of any discrepancies.

If the account is closed within the first 6 months by the client or as a result of withdrawals which brought the household value below the required minimum of \$5,000, SBC reserves the right to retain the pre-paid quarterly account fee for the current quarter, cancel and rebill all transactions in the account at the normal and customary brokerage commission rates, or charge a transaction charge of \$25.00 for each mutual fund transaction which occurred in the account, in order to cover the administrative cost of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the cost of reregistration of positions.

SBC has structured its Wealth Management Services as a wrap fee program, which means that the client pays one fee for asset management and transaction related fees. The advisory fee does not cover charges imposed by third parties for investments held in the account, such as contingent deferred sales charges or 12b-1 trails on mutual funds. In addition, each mutual fund charges asset management fees, which are in addition to SBC's advisory fees. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. The fees charged by such funds are disclosed in each fund's prospectus. The client should review the fund's prospectus for a complete description of all fees and expenses. The advisory fee described above also does not cover debit balances or related margin interest or SEC fees or other fees or taxes required by law.

For accounts older than six months, a client may terminate any of the aforementioned agreements at any time by notifying SBC in writing and paying the rate for the time spent on the engagement prior to notification of termination.

If the client made an advance payment, SBC will refund any unearned portion of the advance payment.

All wrap fee clients are required to have an initial financial plan. The financial plan fee will be offset by the annual advisory fee.

### ***Other Compensation***

For the services provided, the IAR managing your account will receive a portion of the Program fee you pay to us. The amount of this compensation may be more or less than the amount the IAR would receive if you participated in other SBC programs or paid separately for the Program services.

The above-described arrangements may present a conflict of interest because they could create an incentive for your IAR to make recommendations based upon the amount of compensation we could receive rather than based upon your particular needs. We are nonetheless committed to always acting in your best interests.

As of October 2022, SBC's registered advisory representatives no longer maintain any insurance licenses. As such, prior disclosure related to the sale of insurance and annuity products is no longer relevant. While we may still recommend the purchase or sale of various types of insurance and/or annuity products, any recommended products will have to be purchased through the investment or insurance professional of your choice.

## **Item 5 - Account Requirements and Types of Clients**

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### ***Account Requirements***

For the Wealth Management Services, the typical household minimum is \$500,000 and any individual account minimum within a household is \$5,000.

However, SBC may waive or accept a lesser household minimum determined at SBC's sole discretion.

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### ***Types of Clients***

SBC's clientele consists primarily of individual investors including high net worth individuals, trusts or estates. Some pension and profit-sharing plans may also constitute part of our clientele, as well as thrift institutions, charitable organizations, corporations, and insurance companies. Client relationships vary in scope and length of service.

## **Item 6 - Portfolio Manager Selection and Evaluation**

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### ***Portfolio Manager***

Your IAR determines your portfolio allocation and objectives, and the Investment Committee serves as the portfolio manager for your portfolio in this

Program. Please refer to your IAR's Brochure Supplement for information about his or her education, business experience, and disciplinary information.

Upon receiving written authorization from the client, SBC shall supervise and direct the investments of and for the account on a discretionary basis without prior consultation from the client; subject, however, to such limitations and restrictions as the client may impose in the Investment Advisory Agreement, or may hereafter impose by written notice to us.

Generally, there are no limitations on:

- The securities we will purchase or sell,
- The amount of the securities we will purchase or sell,
- The broker or dealer we will use to execute a transaction, and
- Commission rates paid (as applicable).

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### ***Tailored Relationships***

All of our services are tailored to meet the individual needs of the client. Each of our client's needs, goals, and objectives are unique. The goals and objectives for each client are documented in our client relationship management system. Certain clients may be restricted from investing in certain securities or types of securities. We understand these restrictions and modify our recommendations accordingly.

Any investment restrictions must be provided in writing to us and the client's account will be regularly monitored for adherence to those restrictions. Our IARs rely on you to notify them of any changes in your objectives, goals and risk tolerances, as well as any other material changes in your personal circumstances (such as your employment, marital status, financial condition, etc.). These changes may prompt changes in your investment account and the investment strategies employed.

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### ***Performance Based Fees***

We do not charge performance-based fees for any of the services described in this brochure. Performance-based fees are generally based on a percentage of the capital gains on and/or appreciation of the client account assets.

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### ***Methods of Analysis***

SBC has used primarily a fundamental approach to the economy, financial markets, and individual securities but may use security analysis methods and resources of a technical, cyclical, or charting nature. It advises as to securities on a broad basis under a traditional financial planning approach, i.e., SBC's investment advice is most likely to take the form of a recommendation of a prudent diversification of investment assets based on modern portfolio theory.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, individual due diligence meetings with investment companies, and company press releases.

Other sources of information that SBC may use include Morningstar Advisor research, Lipper Analytical services, Standard and Poor's research, Thompson Financial Investment View, and others.

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### ***Investment Strategies***

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use exclusively no-load actively managed funds as the core holdings with passively managed index and exchange-traded funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). SBC may also provide investment advice on research and development, equipment leasing, REITs, and other forms of direct participation programs.

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### ***Risk of Loss***

All investment programs have certain risks, including loss of principal, that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Additionally, asset based fees associated with a wrap fee program can be higher than non-wrap advisory services. Since our firm pays costs based upon the types of investments utilized in your wrap account, we have an incentive to minimize the trading in your account or to utilize lower fee products to minimize our costs. To mitigate against this, all investment decisions are made by our Investment Committee, in conjunction with our Chief Investment Officer, who work to ensure that all transactions are in a client's best interest.

Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will be more valuable than a dollar the next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Global Epidemics or Pandemics:** Occurrences of epidemics or pandemics, depending on their scale, may cause different degrees of damage to global, national and local economies, or extreme volatility in US or global markets. In general, this may result in a significant reduction in commercial activity on a local or global scale that can adversely impact many businesses. Governments, on the national, local and state level, may institute a variety of measures including closing borders, lockdowns, quarantines, states of emergencies, and disruption of supply chains, which collectively may disrupt or slow the national or global economy. Such disruption may adversely affect Client returns.
  - **Financial Risk:** Excessive borrowing to finance a business' operations decreases the chances of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
  - **Money Market Funds:** Money market funds pay dividends that generally reflect short term interest rates, and historically the returns for

money market funds have been lower than for either stock or bond funds. That is why inflationary risk (the risk that inflation will outpace investment returns over time) can be a potential concern for investors in money market funds.

- **Bond Funds:** There are many different types of bonds, bond funds can vary dramatically in their risks and rewards. Some of the risks associated with bond funds include credit risk, interest rate risk, and prepayment risk.
- **Stock Funds:** Generally, market risk is the greatest risk for investors in stock funds. Stock prices can fluctuate for a broad range of reasons, including the overall strength of the economy or of specific market segments, national or geopolitical situations, or demand for particular products or services.
- **Exchange Traded Funds (ETFs):** Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on exchanges. Like stock mutual funds, ETF prices may be affected by the prices of the underlying securities and the overall market. ETFs that track a particular sector may be affected (positively or negatively) by factors affecting that particular sector.

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### ***Voting Client Securities***

SBC does not vote proxies on securities. Clients are expected to vote their own proxies.

## **Item 7 - Client Information Provided to Portfolio Managers**

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SBC obtains information about you through:

- Paperwork you provide, such as the Confidential Investor Profile, and product applications;
- Interviews and conversations with you; and
- Product or service vendors related to your SBC account(s).

This information is updated when you communicate new information about your financial circumstances, objectives, or goals to your IAR.

SBC values you as a client and recognizes the importance of protecting the personal information you provide. SBC protects your information in accordance with our Privacy Statement which is described below.

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## ***Privacy Notice***

SBC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the investment advisory process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

*With your permission*, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with our Custodian in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

## **Item 8 - Client Contact with Portfolio Managers**

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You have ready access to your IAR, although they are not required to be available for unscheduled or unannounced visits or calls.

IARs are expected to periodically meet with you and generally be available to take your call on advisory-related matters. You are encouraged to contact your

IAR with respect to any changes in your financial information that may affect the management of your account.

## **Item 9 - Additional Information**

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### ***Disciplinary Information***

The firm and its management person have not been involved in the past ten years in any legal or disciplinary events that are material to a client's or prospective client's evaluation of the firm's advisory business or the integrity of the firm's management.

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

SBC is not, nor are any of SBC's management persons (except as disclosed below), registered, nor does SBC have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities.

In addition, neither SBC nor any of SBC's management persons have any arrangement that is material to our advisory business or to our clients that we or any of SBC's management persons have with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

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### ***Advisor Panel Disclosure***

Scott Holley serves on the Charles Schwab Advisory Board (formerly the TD Ameritrade Institutional Advisor Panel). The Board consists of a number of



independent investment advisors that inform and provide feedback to Schwab on issues relevant to the independent advisor community. Scott has been appointed to serve on the Board for a three-year term. Schwab does not compensate advisor for serving on the Board but pays or reimburses advisor for travel, lodging and meal expenses advisor incurs in attending in person meetings. The potential benefits received by advisor or its personnel by serving on the board do not depend on the amount of brokerage transactions to Schwab.

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

SBC has adopted a written Code of Ethics. All employees of SBC are deemed to be supervised persons and are therefore subject to this Code of Ethics. In carrying on its daily affairs, SBC and all our associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with state securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm.

SBC have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of SBC might take advantage of that knowledge for their own benefit. SBC has in place Ethics Rules (the "Rules"), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to you; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

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

SBC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the SBC operations manual.

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## ***Personal Trading***

The Chief Compliance Officer reviews all employee trades each quarter. The CCO's trades are reviewed by a designated person. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

SBC does not execute transactions on a principal or agency cross basis.

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## ***Trade Errors***

In the event a trading error occurs in a client account, it is this firm's policy to make clients whole for any losses. The firm corrects all trade errors through Trading Error Accounts maintained by the firm's custodian. All gains resulting from a trade correction will be swept from the trading error account on 30-day intervals and contributed to charity.

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## ***Review of Accounts***

Account reviews are performed no less than quarterly by the client's IAR or SBC's research/portfolio specialist. Account reviews are performed more frequently when market conditions dictate.

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## ***Review Triggers***

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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## ***Regular Reports***

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the portfolio's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients may receive from the custodian a monthly account statement showing account activity as well as positions held in the account at month end. Additionally, the client may receive confirmation of each transaction that occurs within the account unless the transaction is the result of a systematic purchase,

systematic redemption, or systematic exchange. At a minimum, clients will receive from the custodian quarterly statements describing account performance, positions and activity. An additional year-end report will be provided for accounts not established on a calendar quarter basis. To the extent permissible by state and federal law, the custodian may elect to deliver account information electronically. Clients will also receive a quarterly performance report of the investments in the account.

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### ***Client Referrals and Other Compensation***

SBC has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

SBC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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### ***Other Compensation***

As disclosed in Form ADV Part 2A, Item 12, SBC participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between participation in the program and the investment advice given to Clients, although SBC receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

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 trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain

institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to SBC by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by SBC's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Firm but may not benefit its Client accounts. These products or services may assist in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help SBC manage and further develop its business enterprise.

The benefits received by SBC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, SBC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the choice of TD Ameritrade for custody and brokerage services.

Certain wholesalers of financial products may sponsor and pay for client luncheons, or other events, that SBC hosts. These arrangements may give rise to conflicts of interest, or perceived conflicts of interest, with the firm's clients in connection with SBC's recommendation of certain financial products. However, SBC's commitment to its clients and the policies and procedures it has adopted are designed to limit any interference with SBC's independent decision making when choosing the most appropriate financial products for our clients.

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### ***Custody***

SBC does not take physical possession of client funds or securities. However, upon written consent to the custodian from the client, the custodian can pay SBC the fees from the clients' account. The custodian will send to you a monthly account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. Clients should carefully review the statements received from the custodian with those you may receive from us. Clients should immediately inform us of any discrepancy noted between the custodian records and the reports clients receive from us.

In accordance with current guidance from the SEC relating to Standing Letters of Authorization (SLOA), SBC is deemed to have custody of accounts with these instructions. Under this SEC guidance, we are not required to obtain a surprise audit. Clients will receive an annual confirmation from the account

custodian confirming the existing SLOA instructions. We urge you to review those statements carefully.

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***Financial Information***

SBC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because SBC does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.