

**Part 2A of Form ADV: *Firm Brochure***

**Aequitas Investment Advisors, LLC**

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03/22/2023

This brochure provides information about the qualifications and business practices of Aequitas Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 781-740-1199 or [nmd@aequitas-inv.com](mailto:nmd@aequitas-inv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with any state securities authority as an investment advisor does not imply a certain level of skill or training.

Additional information about Aequitas Investment Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 127625.

## **Item 2    Material Changes**

This version of our Form ADV Part 2A reflects material changes that occurred since our last other-than-annual amendment filing on August 2, 2022.

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## **Item 4    Advisory Business**

Aequitas Investment Advisors, LLC is an SEC registered investment advisor with its principal place of business located in Hingham, Massachusetts. Aequitas began conducting business in 1991.

Listed below are the firm's member's:

- Warner Arms Henderson, Managing Member
- Noreen D. Walsh, Managing Member
- Timothy B. Nash, Member
- Michelle C. Fallon, Member

In addition to the above members, staff members include two Financial Paraplanner Qualified Professionals and a ChFC holder.

### **SERVICES OFFERED**

We offer financial planning and portfolio management services. Most of our Clients are individuals, but we also serve charitable foundations and non-profit organizations. A Client relationship begins with an in-depth discussion of goals and objectives, including portfolio diversification, retirement planning, educational funding and charitable planning (in the areas of tax, estate and insurance planning, we work with the Client's advisors in these specialized areas to facilitate a coordinated financial plan). After discussing the Clients goals and objectives, we then review the existing assets and future income picture in order to formulate an investment plan designed to meet the goals. Once the plan is prepared and accepted, we provide investment management services which include periodic portfolio reviews, quarterly reports, and annual or semi-annual review meetings. Interim telephone consultation is also provided to address timely issues.

### **FINANCIAL PLANNING**

We believe that establishing a customized Financial Plan is the single most important step in creating a portfolio allocation designed to serve a Client's needs and meet their long-term financial objectives. Similar to the job of an architect, the Financial Plan forms the "blueprint" in building an optimum portfolio structure. We spend a great deal of time getting to know our new Clients so we can fully understand their personal objectives and future financial requirements. The following are the steps necessary to create the Financial Plan:

- Refinement of personal goals, objectives and future financial requirements. Much of this information is gathered during discussions with the Client, the Client questionnaire and other Client provided materials.
- Preparation of a long-term financial projection to help determine the required rate of return necessary to meet the Client's objectives and to test various planning scenarios.
- Assessment of how much risk the Client is willing to tolerate and the development of appropriate investment policies and asset allocation strategies.
- Specific recommendations as to the management of the portfolio and future cash flow planning. Implementing any recommendations provided by the Advisor is entirely at the Client's discretion.

Typically, the Financial Plan is presented to the Client within three months of the commencement of our services, provided that all information needed to prepare the plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer.

## **PORTFOLIO MANAGEMENT (NON-DISCRETIONARY)**

Through personal discussions in which goals and objectives of the Client's particular circumstances are established, we develop a long-term asset allocation strategy and investment policies which are designed to meet the Client's objectives. The asset allocation strategy incorporates the Client's investment time horizon, risk tolerance and liquidity needs.

Accounts are managed on a non-discretionary basis and the firm will consult with the Client to receive authorization (oral or written) before executing a transaction. Advice to Clients is provided periodically, upon the request of the Client, or in response to significant economic or market developments. Clients are provided with quarterly performance reports as well as comprehensive semi-annual portfolio reviews. Portfolios are re-balanced semi-annually, or more frequently depending upon the impact of Client withdrawals or deposits.

Clients may impose reasonable restrictions on investing in certain securities, types of securities or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer and will generally include advice regarding the following securities:

- Mutual fund shares
- Exchange-listed securities
- United States government securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **ANNUAL PORTFOLIO REVIEW SERVICE**

For Clients not requiring comprehensive portfolio management services, the Advisor can provide annual portfolio reviews. During such reviews, the Client's portfolio is reviewed, and pertinent recommendations are provided by the Advisor. Implementing any of the recommendations provided by Aequis is entirely at the Client's discretion.

## **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused and/or limited basis. This may include advice on only an isolated area(s) of concern such as educational planning, retirement planning, or any other specific topic. Consulting recommendations are not limited to any specific product or service offered by a broker-dealer.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2022, we were advising Clients with assets totaling \$608,039,859, managed on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **FINANCIAL PLANNING FEES**

**Written Financial Plans:** Written Financial Plans are prepared at the beginning of a new Client relationship. A one-time flat fee will be calculated based upon the extent and complexity of the Client's personal circumstances and investment assets. Fees for preparing the plan will typically range from \$3,500 to \$7,500 and are due as follows: 50% of the fee shall be due upon the signing of the agreement with the balance due upon the presentation of the written investment plan. Financial Plans will normally be presented within 90 days following the signing of the investment advisory agreement, provided that all information needed to prepare the plan has been promptly provided by the Client.

### **PORTFOLIO MANAGEMENT FEES**

**Standard Reporting Service:** The fee for non-discretionary portfolio management services is based upon two components: (1) an annual base planning fee and (2) a percentage of assets under management fee (.35% per year of the account market value). The base planning fee is calculated at the beginning of each year for the subsequent 12 months of the agreement. This base fee ranges from \$2,500 to \$10,000, depending on the complexity of the Client's financial situation. The percentage of assets fee is calculated at the end of each calendar quarter by multiplying the account value times 0.35% and dividing the result by four. The total combined fee will be invoiced to the Client, or to the Client's account, on a calendar quarterly basis in arrears. The client may choose how to pay the invoice. The Client will be notified in advance of any changes to the subsequent year's base planning fee. Any such changes are subject to written approval by the Client before taking effect.

**Specialized Reporting Service:** For Clients with complex portfolio structures where specialized reports are required, portfolio management services are often provided on a flat fee basis which will be calculated based upon the extent of our services, the complexity of the Client's specific circumstances and the value of investment assets under advisement. Fees for specialized portfolio management services will typically range from \$3,000 to \$40,000 annually and will be billed either quarterly or semi-annually in advance. All fees are agreed upon prior to signing an agreement with any Client.

The fees charged will never be based on capital gains or the capital appreciation of any funds or any part of any funds of any Clients.

### **ANNUAL PORTFOLIO REVIEW SERVICE**

A flat fee will be calculated based upon the extent and complexity of the Client's personal circumstances and investment assets. Fees for this service typically range from \$2,000 to \$5,000 annually and are due as follows: 50% of the fee is due at the signing, or renewal, of the agreement with the remaining 50% due six months hence.

## **CONSULTING SERVICES**

Consulting Service fees are determined based on the nature of the services being provided and the complexity of each Client's circumstances. All fees are agreed upon prior to entering into an agreement with a Client. Consulting Service fees are normally billed to the Client in two installments: 50% at the signing of the agreement and 50% at the completion of the services. In some situations, we can charge for our consulting services on an hourly basis, ranging from \$175 to \$350 per hour. For hourly services, an estimate for the total hours is determined at the start of the advisory relationship. An initial retainer is paid by the Client upon the signing of the agreement with subsequent billings made quarterly in arrears based on actual hours accrued, or sooner if all services have been rendered.

## **LIMITED NEGOTIABILITY OF ADVISORY FEES**

Although Aequitas has established the aforementioned fee structures, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee structure. These include the complexity of the Client's situation, assets to be placed under management, anticipated future additional assets, number of related accounts, administrative requirements, account composition, complexity of reports, number of meetings and other factors. The specific fee structure is identified in the agreement between the Advisor and each Client.

We may group certain related Client accounts for the purposes of achieving the minimum fee requirements and for determining the annual base planning fee.

Depending upon the circumstances, discounts may be available to our advisory Clients, and may be offered to family members and friends of associated persons of our firm.

## **GENERAL INFORMATION**

**Termination of the Advisory Relationship:** A Client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice to the other. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a Client's reimbursement of fees, we will pro-rate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to Aequitas for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETF's to their shareholders. These fees and expenses are described in each fund's prospectus and generally include a management fee, other fund expenses, and a possible distribution fee. A Client could invest in a mutual fund directly, without our services. In that case, the Client would not receive the services provided by our firm which are designed, among other things, to assist the Client with investment planning and determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

**Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisors.

**Additional Fees and Expenses:** In addition to our advisory fees, Clients are also responsible for the fees

and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the Client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar, higher or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

Aequitas does not charge performance-based fees.

## **Item 7 Types of Clients**

Aequitas provides advisory services to the following types of Clients: Individuals, including high net worth individuals, charitable foundations and non-profit organizations.

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

### **INVESTMENT STRATEGIES & METHODS OF ANALYSIS**

Aequitas believes that the most important decision in the investment management process is to determine an appropriate allocation among Fixed Assets (Cash and Bonds) and Equities (Stocks). Based upon an assessment of a Client's investment time horizon, tolerance for short-term volatility and long-term rate of return requirements, we recommend an appropriate mix of Fixed Assets and Equities. Within the overall Fixed and Equities asset mix, we recommend allocations to various sub-asset classes, including cash, bonds (of various maturities), domestic and international stocks, developed and emerging markets stocks, value and growth stocks and alternative asset classes, including real estate securities and natural resources stocks. To arrive at a suitable mix among the various asset classes, i.e., the Target Asset Mix, we examine their historic rates of return and correlation attributes. We also assess future performance considerations based upon stock valuations, i.e., price-to-earnings ratios and book-to-market ratios, as well as expectations of the future interest rates and inflation.

To implement our asset allocation strategy, we recommend that Clients invest in a series of no-load or load-waived mutual funds, both passively and actively managed. In addition, customarily recommended investment options include individual US Treasury securities, US Government Agency securities, individual municipal bonds, Exchange Traded Funds (ETF's) and individual specialized securities, including Real Estate Investment Trusts.

We do not recommend, nor do we practice market-timing. Studies have shown that adherence to a prudently constructed asset allocation strategy through both positive and negative market cycles will produce successful results over the long-run, particularly when the discipline of periodic portfolio re-balancing is applied. This is especially true during severe market downturns when investor discipline is truly put to the test. Of course, gradual changes to a Client's Target Asset Mix will be made as the Client's individual circumstances evolve, or as new investment opportunities emerge. However, we

strongly believe that market timing, i.e., making frequent changes in the Target Asset Mix in an attempt to either beat the stock market or capitalize on short-term developments, is counterproductive.

We rely upon a wide array of information to formulate our asset allocation strategy, including an extensive analysis of the historic performance of asset classes during various economic cycles and non-economic events. In addition, we review a broad spectrum of research material prepared by third parties, including paid subscription services, various investment publications, resources available on the internet, mutual fund companies and investment seminars.

### **RISK OF LOSS**

Our investment strategy does not attempt to anticipate market movements. This presents a potential risk, as the price of securities can move up or down along with the overall market. Our investment strategy attempts to mitigate this risk by allocating a substantial portion of the portfolio to Fixed Assets, including cash and short-term fixed income investments, as well as diversifying the Equities across a wide array of asset classes. However, despite these attempts, the risk of loss remains an inherent component of investing.

### **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose. Massachusetts law requires disclosure that information on disciplinary history and the registration of our firm and its associated persons may be obtained by contacting the SEC's Office of Investor Education and Advocacy at (202) 942-8090, Option 6. A disciplinary history may also be obtained from the Massachusetts Securities Division at (617) 727-3548 and if asked, our firm and its associates must also disclose the history.

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

We have a relationship with Charles Schwab & Co., Inc., which is material to our advisory business. This relationship is described in detail in Item 12 below (Brokerage Practices). We do not have arrangements or relationships with other financial service companies, non-financial service companies or persons which are material to our advisory business.

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

#### **CODE OF ETHICS**

Aequitas strives to maintain the highest standard of personal and professional conduct in the investment advisory business. The firm adheres to the following code of ethics:

1. Make all decisions on behalf of, and recommendations to, Clients solely in the best interest of the Client.
2. Disclose fully to Clients the compensation received, services provided, and any and all financial relationships, direct or indirect, between the Advisor and any investment manager or other service provider. Aequitas or related persons do not recommend to clients, or buy or sell for client

accounts, securities in which Aequitas or related person has a material financial interest. We would notify the client if any potential conflicts of interests arise.

3. Provide the Client not only requested information, but all information they may need (whether requested or not) in order to make informed decisions, and answer all Client inquiries promptly, completely, truthfully and candidly.
4. Maintain the confidentiality of all information entrusted to the Advisor by the Client to the fullest extent permitted by law.
5. Comply with all applicable Federal and State regulations governing registered investment advisory practices.
6. To report all personal and family member securities actions on a timely basis following the end of each calendar quarter.
7. Endeavor to establish and maintain a standard of excellence in all aspects of financial planning and management.
8. Maintain the highest standard of personal conduct.

A copy of our Code of Ethics is available to our advisory Clients and prospective Clients. You may request a copy by email sent to [nmd@aequitas-inv.com](mailto:nmd@aequitas-inv.com), or by calling us at 781-740-1199.

#### **INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

The firm, employees and related persons customarily buy or sell securities (almost exclusively no-load mutual funds) that are also recommended to Clients. While such transactions could represent a potential conflict of interest, the firm employs procedures to safeguard the Client's interests:

1. The firm takes great care to see that Client interests come first. No preferential treatment is given to the accounts of the firm, employees or related parties. Typically, these accounts are managed passively with little or no buying and selling except to allocate new deposits, raise cash for personal expenses, or for re-balancing purposes on an annual or semi-annual basis.
2. The manner in which accounts are managed also serves to protect Client interests. All accounts are managed on a non-discretionary basis which means that Client approval is required before processing recommended trades. Concurrent with the provision of recommendations, the firm also explains the underlying rationale to the Client (either in the form of a written memorandum, an e-mail, a telephone conversation or in person). The Client then makes the final decision to accept or reject any recommendation. The firm emphasizes the unrestricted right of the Client to decline to implement any advice rendered.
3. The firm maintains and reviews a Quarterly Transaction File which lists all transactions made by the firm, all employees and related persons.
4. The firm emphasizes the unrestricted right of the Client to select and chose any broker or dealer he or she wishes.
5. The firm requires all affiliated individuals to act in accordance with all applicable federal and state regulations covering investment advisor practices.
6. Any individual not in observance of any of the above procedures may be subject to termination.

## **Item 12                      Brokerage Practices**

### **The Custodian and Brokers We Use**

Aequitas does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 - Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. We generally recommend that our Clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we (with your approval) or you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs").

### **How We Select Brokers/Custodians**

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

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

### **Your Brokerage and Custody Costs**

For our Clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab is also compensated by earning interest on the uninvested cash in your account in the Schwab's Cash Features Program. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we

have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians").

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our Clients with access to its institutional brokerage- trading, custody, reporting, and related services-many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our Clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our Clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

- **Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit you and your account.
- **Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:
  - Provide access to Client account data (such as duplicate trade confirmations and account statements)
  - Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts
  - Provide pricing and other market data
  - Facilitate payment of our fees from our Clients' accounts
  - Assist with back-office functions, record keeping, and Client reporting
- **Services That Generally Benefit Only Us (or Our Clients Indirectly).** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
  - Educational conferences and events
  - Consulting on technology, compliance, legal, and business needs

- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

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

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our Clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This may represent a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our Clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have more than \$500 million in Client assets under management, and we do not believe that recommending our Clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

## **Item 13                      Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**Reviews:** Comprehensive account reviews are conducted semi-annually for managed accounts. Accounts are reviewed in the context of each Client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment.

**Reviewers of managed accounts include:** Warner A. Henderson, ChFC, Managing Member and Principal, Noreen D. Walsh, MBA, Managing Member and Principal, Timothy B. Nash, CFP, CFA, CAIA and Member, Michelle C. Fallon, MS, CFP and Member and Spencer R. Henderson, ChFC, FPQP, Financial Planner & Director of Research.

**Reports:** In addition to the monthly statements and confirmations of transactions Clients receive from their custodian, Aequitas will provide quarterly reports summarizing account performance, balances and holdings. Depending upon the scope of the investment advisory agreement, Clients may also receive annual or semi-annual written updates on account holdings, asset allocation and performance.

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

It is Aequitas's policy not to engage solicitors or to pay related or non-related persons for referring potential Clients to our firm. Our Clients are referred to us by existing Clients or other professionals with whom our Clients work.

It is Aequitas's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-Client in conjunction with the advisory services we provide to our Clients.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose Clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 - Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our Clients.

## **Item 15                      Custody**

Due to amendments to the custody rule made by the Securities and Exchange Commission effective April 1, 2004, investment advisors are deemed to have custody of Client funds or securities in the following situations which apply to our registration:

1.        Where an advisor is authorized by the Client to deduct advisory fees directly from the Client's account. In all such cases, the firm is authorized by the Client to deduct advisory fees. Concurrently, the Client is provided with a copy of the fee statement, including the method by which the fee was calculated.
2.        Where a member of the firm serves as trustee, or co-trustee, to a Client of the firm. Occasionally, a member is asked to serve as co-trustee for trusts where the Client is a grantor or beneficiary. One member presently serves as trustee or co-trustee to a limited number of such trusts.

As an advisor deemed to have custody of Client funds or securities for the above reasons, the following safeguards are followed for all Client accounts:

1.        All Client funds and securities are held by a qualified custodian.
2.        All Clients receive statements directly from the custodian on a monthly basis which includes investment positions and transactions. Clients should carefully review those statements promptly when received.
3.        All Clients are notified in writing that the custodian is holding the funds and is provided with information so that the Client can contact the custodian directly.
4.        For Client accounts where the advisor serves as co-trustee or trustee, the advisor complies with the custody requirements of Rule 206 (4)-2 under the Investment Advisers Act of 1940 "Custody Rule". The Custody Rule requires registered investment advisers with

custody of Client funds and securities to have a qualified independent accountant conduct an annual surprise examination of those assets. Our surprise audit was completed on 5/31/2022.

We are also deemed to have custody for certain client accounts which we have standing letter of authority (SLOA) for third party transfers.

## **Item 16 Investment Discretion**

Clients generally hire us to provide non-discretionary portfolio management services (as described in Item 4 above), in which case we do not place trades in a Client's account without contacting the Client prior to placing trades (Client approval of trades can be provided verbally, by e-mail or in writing). As previously disclosed in Item 4 of this brochure, our firm does not provide discretionary asset management services.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of Clients. Therefore, although our firm may provide investment advisory services relative to Client investment assets, Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. We may provide Clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

We do not require Clients to pay fees that are (a) greater than \$500 and (b) billed six months or more in advance.

Aequitas has not been the subject of a bankruptcy petition at any time during the past ten years.

As previously disclosed in "Other Financial Industry Activities and Affiliations" (Item 10), neither Aequitas nor our management personnel have a relationship or arrangement with any issuer of securities.