



## Penn Investment Advisors, Inc.

1 Belmont Ave. Suite 1100  
Bala Cynwyd, Pennsylvania 19004

1.800.626.1027

[www.pennadvisors.com](http://www.pennadvisors.com)

### Part 2A of Form ADV: Brochure

#### **Item 1: Cover Page**

**This brochure provides information about the qualifications and business practices of Penn Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 1.800.626.1027. 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 does not imply a certain level of skill or training.**

**Additional information about Penn Investment Advisors, Inc., is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Brochure Effective Date: March 30, 2023

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**Item 2: Summary of Material Changes**

## Item 4: Advisory Business

- Penn Investment Advisors was purchased by Equitable Distribution Holding Corporation effective October 3, 2022.

## Item 10: Other Financial Industry Activities and Affiliations

- Updated to reflect the new ownership structure of the firm.

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## **Item 4: Advisory Business**

### **Description of the Firm**

Penn Investment Advisors, Inc. (Penn Investment Advisors or PIA), formerly known as EagleView Advisors, Inc. and First Savings Financial Services, Inc., was incorporated in Pennsylvania in 2009. Penn Investment Advisors is a wholly owned subsidiary of Equitable Distribution Holding Corporation who is an indirect wholly-owned subsidiary of Equitable Holdings, Inc. (“EQH”). Penn Investment Advisors is registered with the SEC as an investment adviser and has a fiduciary duty with regard to investment advisory accounts consistent with the requirements of the Investment Advisers Act.

Prior to being acquired by Equitable Distribution Holding Corporation, Penn Investment Advisors was formerly a wholly owned subsidiary of Penn Community Bank until October 3, 2022, when it was sold to Equitable Distribution Holding Corporation

Penn Community Bank is the organization formed by the unification of First Savings Bank of Perkasio and First Federal of Bucks County. Having received all necessary approvals from regulatory agencies, the two banks legally combined to form Penn Community Bank effective August 1, 2015.

In 2014, Penn Investment Advisors (then EagleView Advisors, Inc.) merged with Longview Capital Management, LLC, and are now affiliated. Longview Capital Management, LLC, had been registered with the SEC as a registered investment advisor, and had provided investment advisory services since 2008. After the merger, the employees of Longview Capital Management, LLC, continued to perform similar functions for EagleView Advisors, Inc. (now Penn Investment Advisors).

### **Advisory Services Offered**

Penn Investment Advisors provides a combination of investment services based on the client's individual goals and circumstances. Penn Investment Advisors manages client portfolios which typically consist of no load (or load waived) open-end mutual funds and/or exchange traded products, but which may also include other securities including but not limited to stocks (common and preferred), bonds (convertible, high-yield, government, corporate, collateralized, municipal and other), notes or bills issued by the United States Treasury and equity and fixed income index options and futures. Penn Investment Advisors also assists clients with the selection of alternative investments on a limited basis or other independent investment advisers with the management of additional securities portfolios. Our advice is limited to above mentioned investments.

### **Investment Portfolios**

Penn Investment Advisors manages client portfolios primarily consisting of mutual funds, exchange traded products and individual equities based on the individual needs and goals of the client. Penn Investment Advisors will also recommend equities and bonds for management

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portfolios, as appropriate. Penn Investment Advisors may offer investment advice on any additional investments held by a client at the start of the advisory relationship.) Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Penn Investment Advisors develops a client specific investment policy and determines an appropriate risk tolerance model. Once the appropriate model has been determined, Penn Investment Advisors will manage the client's assets on a continuous basis within the parameters of the model.

As necessary, Penn Investment Advisors will also rebalance the portfolio on a systematic basis, based on the portfolio's goal and each client's individual needs. Each client will have the opportunity to place reasonable restrictions on the types of securities to be held in the portfolio.

Clients should notify Penn Investment Advisors in writing with respect to changes in the client's risk tolerance, investment objectives, and/or any significant tax, financial or other changes which might impact Penn Investment Advisors' management of the client's portfolio.

Penn Investment Advisors also offers advice with respect to equity securities (including exchange-listed securities, options and futures as well as securities traded over-the-counter); corporate debt securities (other than commercial paper); certificates of deposit; municipal securities; investment company securities (including mutual fund shares); and United States government securities.

#### Retirement / Pension Planning Services

Penn Investment Advisors also offers several advisory services separately or in combination with pension, profit sharing and 401(k) plans. Penn Investment Advisors will prepare written Investment Policy Statements (IPS) stating needs and goals and determining a policy under which these goals are to be achieved. The IPS will also list the criteria for the selection of investment vehicles and the procedures and timing intervals for monitoring investment performance. Penn Investment Advisors will review various investments, generally consisting of mutual funds and exchange traded products (both indexed and actively managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client and will be based on the Investment Policy Statement.

For pension, profit sharing and 401(k) plan clients wherein there are individual accounts with participants exercising control over assets in their own account ("self-directed plans"), Penn Investment Advisors also provides regular educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by Penn Investment Advisors and the client under the guidelines established by ERISA.

#### Financial Planning

Penn Investment Advisors also provides advice in the form of a personal financial plan. Clients utilizing this service will receive a written report, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives.

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In general, the financial plan will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. Penn Investment Advisors will illustrate the impact of various investments on a client's current income tax and future tax liability.
- Death & Disability: Assessment of cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- Investments: Analysis of investment alternatives and their effect on a client's portfolio.
- Business Succession and Wealth Transfer: Analysis of investment vehicles, trusts, and other methods of estate tax minimization techniques.

Penn Investment Advisors gathers required information through in-depth personal interviews. Information gathered includes the client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared. Should a client choose to implement the recommendations contained in the plan, Penn Investment Advisors suggests the client work closely with his/her attorney, accountant, insurance agent, broker and/or advisor. Implementation of financial plan's recommendations is entirely at the client's discretion.

#### Services Limited to Specific Types of Investments

Penn Investment Advisors limits its investment advice and/or asset management to mutual funds, equities, bonds, fixed income, debt securities, ETPs, real estate, hedge funds, third party money managers, REITs, private placements and government securities. Penn Investment Advisors may use other securities as well to help diversify a portfolio when applicable.

#### **Consulting Services**

Penn Investment Advisors also offers consulting services in which the advisor or firm would act as a liaison between the client and their money manager and other assets. The client specifies which assets the consultant would be responsible to provide advice. On a regular basis, the consultant would offer the client advice and opinions concerning:

- Asset Allocation
- Asset Class and Security Duplication

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- Business Valuation
- Integration of Client's Disparate Investment Portfolios
- Review Manager Fees, Turnover, and Transaction Costs
- Creation or Review Investment Policy Statement

This list is representative. Actual services would be determined, and defined, at the time the account is opened. The Investment Consultant would have neither custody nor investment discretion of the assets. The Investment Consultant's responsibility is to provide advice and opinion to the client.

Penn Investment Advisors also offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan's participants.

#### Wrap Fee Programs

Penn Investment Advisors does not participate in wrap fee programs by providing portfolio management services.

#### Assets under Management

As of December 31, 2022, Penn Investment Advisors managed a total of \$574,427,667 in assets, \$574,427,667 on a discretionary basis.

### **Item 5: Fees and Compensation**

#### Compensation for Advisory Services

The annual fee for investment services will be charged as a percentage of total client assets managed by Penn Investment Advisors. The basic fee schedule is the following:

Assets under Management	Annual Fee (%)
\$1 - \$1,000,000	1.50%
\$1,000,001 - \$5,000,000	1.25%
\$5,000,001 and Above	1.00%

These fees are negotiable and the final negotiated fee will be located on page 3 of the Investment Advisory Contract.

#### Consulting Service Fees

Assets under Management	Annual Fee (%)
\$1 - \$1,000,000	0.50%
\$1,000,001 - \$5,000,000	0.30%
\$5,000,001 and Above	0.20%

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These fees are negotiable depending on the needs of the client and complexity of the situation. The Investment Consulting Service fee schedule is shown above. Fees are paid monthly in arrears. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within five (5) business days of signing the advisory contract. Consulting Service fees can be withdrawn directly from the client's accounts only with client written authorization. Clients may terminate their account(s) without penalty within five (5) business days of signing the advisory contract.

### Method of Fee Payment

#### ***Payment of Investment Supervisory Fees***

Penn Investment Advisors currently bills for Investment Supervisory fees in the following manner:

##### **Monthly in Arrears**

Fees are paid monthly in arrears. Because fees are charged in arrears, no refund policy is necessary. Advisory fees are withdrawn directly from the client's account(s) with written authorization. Clients may terminate their account(s) without penalty within five (5) business days of signing the advisory contract.

#### ***Payment of Consulting Service Fees***

Consulting Service fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly in arrears. Advisory fees may also be invoiced and billed directly to the client monthly in arrears, and due on the 15th of the month following the month charged. Clients may select the method in which they are billed.

### Separate Mutual Fund Fees

All fees paid to Penn Investment Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees may include a management fee, other fund expenses, and a distribution fee. A client could invest in a mutual fund directly, without the services of Penn Investment Advisors. In that case, the client would not receive the services provided by Penn Investment Advisors which are designed, among other things, to assist the client in 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 the fees charged by Penn Investment Advisors in order to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Short Term Trading Fees:** Penn Investment Advisors may utilize funds which have short term redemption fees imposed by the fund family; custodians may also charge such fees for shares held less than 90 days. In managing client assets, Penn Investment Advisors attempts

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to minimize or avoid such fees whenever possible. However, circumstances may make it necessary to incur such charges.

### Financial Planning Fees

Financial planning fees will be charged in one of two ways:

1. On an hourly basis, at a rate of \$150 per hour. An estimate for total hours will be determined at the start of the advisory relationship, however, the total fee will be based on actual hours; or
2. As a fixed fee, based on the services requested by the client.

50% of any estimated or fixed fee may be due upon signing the advisory agreement, with the balance due upon presentation of the plan to the client.

Typically, a financial plan will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client.

### Brokerage Fees

Clients will incur commissions, markup/mark downs, and other transaction-related or asset based fees for securities trades that are executed through the respective broker-dealers or that settle into accounts at the respective broker-dealers. Clients are responsible for the payment of all third party fees (i.e., custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Penn Investment Advisors. Please see Item 12 of this brochure regarding Brokerage Practices for more information.

### Fees at Termination

A client agreement may be cancelled at any time, by either party, for any reason, upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. Penn Investment Advisors does not charge or accept performance based fees. Penn Investment Advisors does not participate in side-by-side management.

### **Item 7: Types of Clients**

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The types of clients to whom Penn Investment Advisors generally provides investment advice include individuals, high net worth individuals, institutions, pension and profit sharing plans, investment companies (including mutual funds), charitable organizations, and corporations or other business.es

Penn Investment Advisors' minimum account size is \$50,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of their financial situation.

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

### **A. Methods of Analysis**

Penn Investment Advisors' methods of analysis include, fundamental analysis, technical/charting analysis and asset allocation.

#### *Fundamental analysis*

This type of analysis concentrates on earnings, a company's financial statements, and the quality of a company's management. These quantitative factors are then used to attempt to determine the financial strength of a company.

#### *Technical/Chart analysis*

This type of analysis utilizes statistics to determine trends in security prices. Technical analysis tends to focus on factors such as trading volume, demand, and security price fluctuations. This type of analysis is also commonly referred to as chart analysis due to the fact that this analysis tends to review historical charts and graphs.

#### *Asset Allocation*

Investment strategies involving asset allocation attempt to optimize the risk and reward of the client's portfolio based on the client's needs. This is accomplished by diversification of your investment across several asset classes.

### **B. Investment Strategies**

**Focused Growth Strategy:** This strategy seeks long-term capital appreciation, investing solely in common stocks of all sizes exhibiting accelerated earnings growth and market leadership. This strategy holds 30 individual positions. The respective stock candidates are ranked according to superior earnings, strong price performance, and leadership within their respective industries. The individual common stocks are revisited weekly, the strongest stocks will remain in the portfolio while the weakest stocks are sold and replaced by stronger candidates. (Actively managed, may trade weekly. While this strategy has performed well, it is very volatile)

**Large Cap Core Dividend Strategy:** This strategy seeks long-term capital appreciation, investing solely in common stocks that pay dividends. This strategy holds 50 individual positions.

The stock candidates are selected from the S&P 500 index, and screened based upon their current dividend payout and volatility. Those securities showing strong dividend yields and price performance will remain in the portfolio while the weakest are replaced on a semi-annual basis. (Actively managed, portfolio rebalanced twice a year. This is the core of our allocations, high yielding / lower volatility stocks that may outperform over time)

**Models:** As well as employing the above strategies, we operate two tiers of models, an above \$250,000 and those below \$250,000. The reason we have set at \$250,000 threshold is due to scalability and investor sophistication. Each of these tiers has five models based upon a client's risk profile. All models incorporate a blend of the aforementioned strategies as well as other investments to achieve the proper suitability for our clients.

- Growth – Capital growth focus with slight income.
- Moderate Growth – A combination of capital growth with moderate income.
- Balanced – An equal focus on current income and capital gains.
- Conservative – A mix of current income with some capital gains.
- Ultra Conservative – Capital preservation with income through fixed income investments.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### **C. Risk of Loss**

- Management Risk – This is the risk the investor takes on by investing with an advisor. Your investment with our firm varies with the performance of our investment strategies, which are based on the firm's research, analysis, and selection of portfolio securities. If our investment strategies do not produce the expected returns, the value of your investment may decrease.
- Market Risk – This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries. This is also referred to as systematic risk.
- Equity (stock) Market Risk – In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors, including events that affect particular issuers as well as events that affect entire financial markets or industries.
- Fixed Income Risk – The risk that prices of fixed income securities will be affected by interest rate changes, terms of the security, and changes to the credit quality of the issuer, counterparty or underlying assets.
- Dividend Paying Securities Risk – The risk that dividend paying securities may

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underperform the market, causing them to reduce or eliminate its dividend.

- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, the client will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. The client will also incur brokerage costs when purchasing ETFs.
- **Company Risk** – The risk faced by an investor who holds securities in a specific firm and can be mitigated through diversification. This is also known as unsystematic risk.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

#### **D. Risks of Specific Securities Utilized**

Penn Investment Advisors generally implements investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

#### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Penn Investment Advisors advisory business or the integrity of its management.

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

##### **Brokerage Services**

The principal business of Penn Investment Advisors is acting as a registered investment advisor to offer fee based investment services to its clients through its investment advisory representatives. For additional information regarding our advisory business, please see our (Form CRS) and General Conflicts of Interest Disclosure, available through your Financial Professional or on our disclosure website at <https://pennadvisors.com>.

Certain officers and associated persons of Penn Investment Advisors are also registered representatives of Equitable Advisors, LLC ("Equitable"), a FINRA Member Broker. Equitable is privately owned by Equitable Distribution Holding Company and also an affiliate. For execution and clearing of certain brokerage transactions, Equitable Advisors maintains a clearing arrangement with LPL. Advisory associated persons may also be licensed in other areas such as insurance (life, health, casualty, annuities, variable life, etc.) and/or securities. Equitable Advisors' investment advisory associated persons usually offer variable and traditional life insurance and annuity products of Equitable, Equitable Life and Annuity Company ("Equitable L&A"), and over

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100 other life insurance companies, and are licensed insurance agents associated with Equitable Network, LLC, an insurance agency affiliate. Should you decide to purchase products offered by your Financial Professional(s) to implement your financial plan, your Financial Professional will generally be acting in his or her capacity as a broker-dealer registered representative of Equitable Advisors and/or as an insurance agent of Equitable Network. (You will continue as an investment advisory client of Equitable Advisors if you decide to participate in an asset management program for which Equitable Advisors is an adviser.) Investment and other product recommendations made by Equitable Advisors Financial Professional in his or her capacity as a broker-dealer registered representative generally are limited to securities and other investment and insurance products and services made available by Equitable Advisors, Equitable Life Insurance Company ("Equitable") (Equitable Advisors' affiliate) and Equitable Network, LLC ("Equitable Network") (Equitable affiliate). Equitable Network is an insurance brokerage general agency through which Financial Professional can access insurance products from other companies.

Clients may engage Equitable, at their discretion, to implement certain securities transactions for which its representatives will receive commission compensation. Equitable's brokerage services are not utilized for the management of investment advisory portfolios described above, or pension planning services. However, Penn Investment Advisors may make advisory recommendations that include financial planning or other investment goals that may be implemented through securities transactions with Equitable rather than as part of an investment management accounts with Penn Investment Advisors.

Clients are under no obligation to engage affiliated companies when implementation of financial planning or other advisory recommendations. The implementation of such all recommendations is solely at the discretion of the client. While Penn Investment Advisors and its advisory representatives endeavor at all times to put the interest of the clients first as part of Penn Investment Advisors' fiduciary duty, clients should be aware that the receipt of compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

#### Retirement Plan Services

Penn Investment Advisors does not receive 12b-1 fees on certain retirement/pension plan assets to which it provides services. Please see Item 14 (Client Referrals and Other Compensation) below describing fee offset procedures regarding 12b-1 fees.

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

#### Code of Ethics

Penn Investment Advisors has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Penn Investment Advisors' Code of Ethics covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on

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a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions.

Penn Investment Advisors' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While Penn Investment Advisors does not believe that it has any access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. Penn Investment Advisors is not affiliated with an investment company or other publicly traded security.

To supervise compliance with its Code of Ethics, Penn Investment Advisors requires access persons to provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer.

Penn Investment Advisors requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination.

Penn Investment Advisors will provide a copy of the Penn Investment Advisors Code of Ethics to any client or prospective client upon request.

#### Recommendations Where Penn Investment Advisors/Related Persons Have a Material Financial Interest

Penn Investment Advisors does not recommend that clients buy or sell any security in which a related person to Penn Investment Advisors has a financial interest.

#### Recommendations Where Penn Investment Advisors/Related Persons Are Also Invested

From time to time, representatives of Penn Investment Advisors may buy or sell securities for themselves that they also recommend to clients. Penn Investment Advisors will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

#### Transactions/Recommendations Where Penn Investment Advisors/Related Persons Transact

From time to time, representatives of Penn Investment Advisors may buy or sell securities for themselves at or around the same time as clients.

### **Item 12: Brokerage Practices**

#### The Custodians and Brokers We Use

Penn Investment Advisors (“we”/“our”) does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in

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an account at a “qualified custodian,” generally a broker-dealer or bank. We require that our clients use one of five broker-dealers: - Charles Schwab & Co., Inc. (“Schwab”); Fidelity Brokerage Services, Inc. (“Fidelity”); FOLIO Institutional (“Folio”); TD Ameritrade Investor Services, Inc. (“TDA”); or Interactive Brokers (“IB”); each of which is a registered broker-dealer, member SIPC - as the qualified custodian. (These five broker-dealers are referred to below individually as a “custodian” and collectively as “custodians.”) A custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. These custodians provide Penn Investment Advisors with access to their institutional trading and custody services, which are necessary for Penn Investment Advisors' management of investment portfolios and which are typically not available to retail investors.

Penn Investment Advisors is independently owned and operated and is not affiliated with any custodian.

While we require that you use one of the five above-mentioned firms as custodian, you will decide whether to do so and will open your account with the custodian of your choice 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. Not all advisors require their clients to use particular broker-dealers or other custodians from a group selected by the advisor. Even though client accounts are maintained at a particular custodian, Penn Investment Advisors can still use other brokers to execute trades for client accounts as described below (see “*Your Brokerage and Custody Costs*”).

#### How Penn Investment Advisors Select Brokers/Custodians

Penn Investment Advisors seeks to recommend a custodian which 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 payment, etc.)
- Diversity of available investment products (stocks, bonds, mutual funds, exchange-traded funds (“ETFs”), 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*”)

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*and Services Available to Us From Custodians”)*

### Your Brokerage and Custody Costs

For our clients’ accounts maintained at a custodian, the custodian 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 account at the custodian. (For example, transaction fees are charged for certain no-load mutual funds, and commissions are charged for individual equity and debt securities transactions. Each custodian also provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.) For some accounts, typically separately managed accounts, a custodian may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. A Custodian’s commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least a specified Aggregate Account Value in accounts at the custodian. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to commissions and asset-based fees, each custodian charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that that custodian has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account at the custodian. 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 each custodian execute most trades for your account at that same custodian. We have determined that having your custodian 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”*).

As Penn Investment Advisors does not have the discretionary authority to determine the custodian to be used or the commission rates to be paid, clients must direct Penn Investment Advisors as to the custodian to be used. Directing brokerage may cost clients more money. Because the client directs the use of a particular broker, Penn Investment Advisors may be unable to achieve most favorable execution of client transactions. For example, in a directed brokerage account, the client may pay higher brokerage commissions because Penn Investment Advisors may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. It should be understood that Penn Investment Advisors will not have authority to negotiate commissions among various brokers. A disparity in commission charges may exist between the commissions charged to other clients.

Penn Investment Advisors has established prime brokerage account relationships through Schwab, Fidelity, and TDA through which it may purchase fixed income products directly from third parties and maintain custody at Schwab, Fidelity or TDA. In this situation, Penn Investment Advisors will seek to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of brokerage costs, commissions and mark ups/mark downs is based on the broker dealer's ability to provide professional services, competitive execution, and other services that will help Penn Investment Advisors in providing investment management services to clients.

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For such fixed income portfolios and transactions, Penn Investment Advisors will request that it be provided with written authority to determine the broker dealer to use for client transactions and the costs that will be incurred by clients for these transactions. Any limitations on this discretionary authority shall be Included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

### Services That Benefit You

Each custodian'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 a custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. A custodian's services described in this paragraph generally benefit you and your account. With respect to mutual funds listed on a particular custodian's platform, the custodian receives all of the 12b-1 fee and/or other fees from the mutual fund as payment for being listed on and set up on the custodian's trading platform.

### Services That May Not Directly Benefit You

Each custodian 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 the custodian'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 the same custodian. In addition to investment research, each custodian 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 research, pricing information, and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### Services That Generally Benefit Only Us

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

- Access to bundled duplicate statements;
- Educational conferences, roundtables, webinars and other events;
- Consulting on technology, compliance, legal, and business needs Including but not limited to performance reporting, financial planning, contact management systems
- Publications and conferences on practice management, information technology, marketing, compliance and business succession
- Access to consultants, employee benefits providers, human capital consultants, and insurance providers, third party research

Each custodian may provide some of these services itself. In other cases, it will arrange for third-

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party vendors to provide the services to us. A custodian may also simply provide access to such third-party vendors with whom Penn Investment Advisors may contract directly. A custodian may discount or waive its fees for some of these services or pay all or a part of a third party's fees. A custodian may also provide us with other benefits, such as occasional business entertainment of our personnel.

Aside from incidental seasonal gifts, typically totaling less than \$100 per year from any one broker-dealer, no individual associated with Penn Investment Advisors personally benefits from any of the above mentioned products or services.

#### Our Interest in A Custodian's Services

While there is no direct linkage between the investment advice given and participation in any particular Institutional Services Program, economic benefits are received which would not be received if Penn Investment Advisors did not give investment advice to clients. These benefit Penn Investment Advisors but may not directly benefit its clients' accounts.

The availability of these services from the custodians benefits us because we do not have to produce or purchase them. We don't have to pay for such services from a particular custodian so long as our clients collectively keep a total of at least the Aggregate Account Value of their assets in accounts at that custodian. Beyond that, these services are not contingent upon us committing any specific amount of business to a particular custodian in trading commissions or assets in custody. The Aggregate Account Value minimum may give us an Incentive to recommend that you maintain your account with a particular custodian, based on our interest in receiving that particular custodian's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of a particular firm as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of each custodian's services (see "*How We Select Brokers/Custodians*") and not that custodian's services that benefit only us. Since we have well over \$100,000,000 in client assets under management, we do not believe that recommending our clients to collectively maintain at least the Aggregate Account Value of those assets at a particular custodian in order to avoid paying a custodian's quarterly service fees presents a material conflict of interest.

#### Financial Planning

As disclosed above, Penn Investment Advisors may recommend Equitable Advisors and its affiliated persons for the implementation of certain financial planning or other advisory recommendations.

#### Brokerage for Client Referrals

Penn Investment Advisors does not consider, in selecting or recommending broker-dealers, whether Penn Investment Advisors or a related person receives client referrals from a particular broker-dealer or third party.

Penn Investment Advisors participates in the TDA and Fidelity Wealth Advisor Solutions program. Wealth Advisor Solutions is a referral program designed to introduce high net worth investors to independent registered investment advisors. Penn Investment Advisors does not pay a fee to participate in the Wealth Advisor Solutions Program. Penn Investment Advisors participation in the program may raise potential conflicts of interest. Penn Investment Advisors may have an Incentive to recommend that clients custody asset with Fidelity or TDA.

### Aggregating Orders

Client trades in equities and fixed income securities may be blocked with transactions for other advisory clients to achieve better pricing and commission costs. Partially filled orders will be allocated on a pro-rata basis. In the event that a pro-rata bond allocation is not possible, allocation will be made in a fair and reasonable manner among clients, generally as follows: (A) First calculate a pro-rata allocation. (B) Knock out of the allocation those clients whose need for a bond investment is less than five bonds. (C) Reallocate the bonds that are unallocated as a result of (B), assigning them first to clients who would otherwise receive less than five bonds, then pro-rata among all remaining clients in the allocation.

## **Item 13: Review of Accounts**

### Periodic Reviews

Penn Investment Advisors' Chief Investment Officer is responsible for the daily supervision of all investment management accounts. The President of Penn Investment Advisors supervises all advisory services. Certain representatives of Penn Investment Advisors may primarily provide financial planning or pension plan support services.

Portfolios within Penn Investment Advisors' Investment Services receive ongoing reviews based on market and economic conditions, political circumstances and the client's personal financial circumstances. Formal account reviews are performed at least annually, at which time clients will receive written reports describing portfolio holdings and asset allocations. Clients will also receive statements from their account custodian.

### Financial Planning

Financial planning reviews and reports are provided based on the topics requested by the client for review. Planning services are a one-time service, rather than an ongoing service. Clients may, however, contract with Penn Investment Advisors for specific periodic reviews of financial plans.

### Retirement Plan Accounts

Client investments will be monitored periodically based on the procedures and timing intervals delineated in the Investment Policy Statement. Penn Investment Advisors will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

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See also Item 4 (Advisory Business) above.

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

##### **Economic Benefits Provided to Penn Investment Advisors by a Non-Client**

We receive an economic benefit from each custodian in the form of the support products and services the custodian makes available to us and other independent investment advisors whose clients maintain their accounts at the custodian.

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 a particular custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

##### **Referral Compensation Paid to Third Parties**

Penn Investment Advisors may enter into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by Penn Investment Advisors. Penn Investment Advisors will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to Penn Investment Advisors may receive compensation from Penn Investment Advisors, such as a retainer, a flat fee per referral and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by Penn Investment Advisors and not by any affected client."

#### **Item 15: Custody**

Clients will receive account statements from the broker-dealer, bank or other qualified custodian which holds the client account.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct a custodian to deduct our advisory fees directly from your account. The custodian maintains actual custody of your assets. You will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare the custodian's account statements to the periodic portfolio reports you will receive from us.

#### **Item 16: Investment Discretion**

Penn Investment Advisors accepts discretionary authority to manage securities accounts on behalf of clients.

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The client grants this authority by signing a contract with Penn Investment Advisors for management of investment portfolios. This allows Penn Investment Advisors to determine, without obtaining specific client consent, which securities to buy and sell, and the amounts of securities to buy or sell. Clients customarily do not place limits on this authority, but may do so by signing a written amendment to the contract. The amendment takes effect when Penn Investment Advisors signs that amendment.

#### **Item 17: Voting Client Securities**

As part of its Investment Management Services, Penn Investment Advisors will not accept discretion from clients to vote proxies on their behalf. It is the responsibility of the client to vote their shares.

#### **Item 18: Financial Information**

Penn Investment Advisors does not require or solicit prepayment of fees. There are no financial conditions that are reasonably likely to impair Penn Investment Advisors' ability to meet contractual obligations to clients.

#### **Item 19: Requirements for State-Registered Advisers**

As an SEC registered investment advisor, Penn Investment Advisors is not registered with any state securities authority, so this disclosure item is not applicable to the firm.