

**ITEM 1. COVER PAGE OF PART 2A OF FORM ADV: FIRM BROCHURE**

**March 31, 2023**

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**This brochure (“Brochure”) provides information about the qualifications and business practices of Core Financial. If you have any questions about the contents of this Brochure, please contact Andre Hadzi-Pavlovic by telephone at 310-450-6004 or email at [andre@kobreco.com](mailto:andre@kobreco.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.**

**Additional information about Core Financial also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please note that the use of the term “registered investment adviser” and description of Core Financial and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.**

## **Item 2. Material Changes**

This amendment to the Brochure dated March 31, 2023 serves as an update to Core Financial's brochure dated March 30, 2022. The following material changes were made in this Brochure:

- The principal address has been updated as reflected on the cover page of this Brochure;
- Core Financial designated Andre Hadzi-Pavlovic as Chief Compliance Officer.

There are no additional material changes to report.

## **Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

Core Financial Partners, Inc. (“Core Financial”, the “Firm”, “we”, “our”) is an SEC registered investment adviser who specializes in the following types of services: Financial Planning and Consulting and Wrapped Fee Asset Management.

A. Description of our advisory firm, including how long we have been in business and our principal owner(s).

We are dedicated to providing corporations, partnerships, sole proprietors, foundations, non-profits, families, individuals, high-net-worth individuals and other entities with asset management and financial planning services. Our firm is a corporation formed in the State of California. The Firm has been in business as an investment adviser since 2010 and is wholly owned by John C. Koudsi, Chief Executive Officer (CEO).

B. Description of the types of advisory services we offer.

(i) Financial planning and consulting:

We typically provide a variety of financial planning services, pursuant to a written agreement to corporations, partnerships, sole proprietors, foundations, non-profits, families, individuals, and other entities regarding the management of their financial resources based upon an analysis of client’s current situation, goals, and objectives. This planning and consulting service encompasses one or more of the following areas:

**Personal Financial Planning:**

- Cash Flow Analysis
- Retirement Planning Strategies
- College Education Planning Strategies
- Income Tax Planning
- Investment Management
- Alternative Investments
- Real Estate Investment Analysis
- Trust and Estate Planning
- Multi-Generational Planning
- Insurance Planning and Administration
- Life, Disability, Property/Casualty
- Mortgage Consulting & Coordination

**Business Financial Planning:**

- Corporate Tax Planning
- Financial Statement Analysis & Business/Tax Projections
- Entity Selection and Structuring
- Evaluate Business Opportunities
- Optimize Shareholder(s) Benefits
- Employee Benefit Programs

- Pension Consulting (in conjunction with Third Party Administrator (“TPA”))
- Employee Deferral 401k Plan Consulting
- Negotiate Corporate Financing including Business Line(s) of Credit, Mortgage, & SBA Finance.
- Identify Debt Restructuring Opportunities
- Structure Real Estate Acquisitions and Dispositions
- Identify Cost-Segregation Opportunities
- Succession Planning
- Buy/Sell Agreement Review
- Strategic Exit Planning
- Insurance Planning and Strategies
- Coordinate Advice and Services in conjunction with tax, legal, actuarial, and other financial professionals.

(ii) Asset management:

We continuously and regularly supervise Client accounts. As part of our asset management service, we primarily create a portfolio, consisting of exchange traded funds, mutual funds, structured notes, private equity funds which can include hard money lending, investing in commercial real estate, non-traded or public REITs, and private placements. We may also invest in other securities, including but not limited to, individual stocks or bonds. Furthermore, where appropriate, Core Financial recommends clients invest in various alternative investment offerings including, but not limited to, the list below:

- Jett Ventures Fund I, LLC
- Trojan Storage Open-End Acquisition Fund, LLC,
- Trojan Storage of Oregon City, LLC
- Trojan Storage of Florin, LLC
- Trojan Storage of Burbank, LLC
- Trojan Storage Opp Zone Fund Commerce, LLC
- Trojan Storage Fund 2019, LLC
- Trojan Storage Fund 2020, LLC
- Trojan Storage Fund 2021, LLC
- Trojan Storage Fund 2022, LLC
- Trojan Storage Fund 2023, LLC

The offerings listed above are managed by an affiliated entity, KoBre Holdings, LLC, for which Mr. Koudsi is also an owner and controlling member, which represents a conflict of interest.

Many alternative investments require a minimum investment amount, carry significant liquidity risk, and are only available to investors who meet certain income and/or net worth requirements. We have a number of factors we consider when recommending alternative investments to clients that include but are not limited to the accreditation status, the level of interest a client expresses

for such investments, past participation in such investments, and whether the investment would offer diversification to the client's portfolio. The client's individual investment strategy is tailored to their specific needs and could include some or all of the previously mentioned investment offerings. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives.

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients and whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Tailoring the portfolio based on a client's individual situation:

We work with each asset management client to understand their financial situation and risk appetite to tailor a portfolio allocation that meets their objectives. Additionally, we offer general investment advice to clients utilizing the financial planning and consulting services.

(ii) Ability of clients to impose restrictions on investing in certain securities or types of securities:

We usually do not allow clients to impose restrictions on investing in individual securities or types of securities due to the level of difficulty this would entail in managing their account(s). However, from time to time, we may accept client requests to purchase and/or hold individual securities in their portfolio.

D. Participation in wrap fee programs.

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee accounts are managed according to the client's investment objectives, financial goals, risk tolerance, etc. Wrap fee accounts include both discretionary accounts, and non-discretionary accounts/investments for which we have made investment recommendations to our clients.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis.

We manage client assets in discretionary accounts on a continuous and regular basis. As of December 31, 2022, the total amount of assets under our management was \$230,118,254. Of this total, \$82,836,819 is managed in discretionary accounts and \$147,281,435 is managed in non-discretionary accounts.

## **Item 5. Fees and Compensation**

We are required to describe how we are compensated for our services. Our fees are negotiable as described below.

### A. Description of how we are compensated for our advisory services provided to you.

#### (i) Financial planning and consulting:

We charge a flat fee for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Flat fees generally range from \$1,800 to \$50,000 on an annual basis. Our hourly rate is \$450 and is used for the purposes of calculating pro-rated flat fees in the case of termination. This fee is paid either on a monthly or semi-annual basis in advance.

#### (ii) Asset Management:

<u>Assets under management</u>	<u>Annual percentage of assets charge*:</u>
\$0 to \$10,000,000	1.00%
\$10,000,000 to \$20,000,000	0.90%
\$20,000,000 to \$50,000,000	0.75%
Above \$50,000,000	0.60%

\* Some accounts are under different fee schedules honoring prior agreements. Our standard fee schedule is negotiable based on a number of factors, which include but are not limited to “grandfathered” accounts, related accounts, and other structures that we consider in special situations. Our firm’s asset management fees are billed on a pro-rata annualized basis monthly in advance based on the value of your account on the last day of previous month.

The value of client investments in the various Trojan Storage and Jett Ventures funds outlined in Item 4.b.(ii) above are included when calculating the management fee paid to Core Financial. Additionally, client investments in other third-party private/alternative investments recommended by Core Financial are included when calculating the management fee paid to Core Financial. Investments in private placements/alternative investments are billed on a pro-rata annualized monthly basis in advance based upon the value of the investment/account on the last day of the previous month. In the case of all private placements/alternative investments, valuations are based upon information received from the respective managers of the investments.

### B. Description of whether we deduct fees from clients’ assets or bill clients for fees incurred.

#### (i) Financial planning and consulting:

Fees for financial planning and consulting are either a) payable on a monthly basis if auto-debited from a client’s account, or b) payable semi-annually if not auto-debited.

(ii) Asset management:

Fees will generally be automatically deducted from your managed account(s)\*. As part of this process, you understand and acknowledge the following:

- a) You provide authorization permitting us to be directly paid by these terms, including automatically deducting fees from your accounts with independent custodians to cover asset management fees related to your investments that are covered by your participation in our wrap asset management programs, including accounts with third-party managers; and
- b) Your independent custodian sends statements at least quarterly to you showing all disbursements from your account, including the amount of the advisory fees paid to us.

\*In rare cases, we will agree to directly bill clients.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”). Wrap fee clients will not incur transaction costs for trades initiated by us; however, clients may incur transaction charges for any trades the client places themselves directly with the broker. Clients will pay some or all of the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. More information about this is disclosed in our separate Wrap Fee Program Brochure.

The use of unaffiliated third-party managers and private placements may incur fees that are separate and in addition to the asset management fees we charge. For more information regarding these separate fees, please review the third-party manager’s Form ADV, Part 2 and the applicable private placement memorandum.

Mr. Koulsi owns a portion of Counterpoint Mutual Funds, LLC which is the adviser to the Counterpoint Tactical Income Fund, Counterpoint Tactical Municipal Fund, Counterpoint Long-Short Equity Fund, the Counterpoint Tactical Equity Fund, and any other Counterpoint-branded fund. Mr. Koulsi earns a portion of the funds’ management fee. Core Financial’s advisers recommend investments in the funds which represents a conflict of interest. To mitigate the conflict, Core Financial will reduce the asset management fee for any clients who invest in Counterpoint-branded funds by the amount of any fees received from the Counterpoint-branded funds (fee offset.)

D. We must disclose if client’s advisory fees are due in advance.

We charge our fees monthly in advance. In the event that you wish to terminate our services,

we will refund the unearned portion of our advisory fee to you. For financial planning and consulting clients, we will calculate our earned fee on the basis of \$450 per hour and refund any portion of the flat fee in excess of fees earned. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

E. Commissionable Securities Sales.

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so.

**Item 6. Performance-Based Fees & Side-By-Side Management**

We do not charge performance fees to our clients.

**Item 7. Types of Clients & Account Requirements**

We currently have the following types of clients:

- Individuals and high-net-worth individuals;
- Pension and profit-sharing plans;
- Corporations, limited liability companies and/or other business types; and
- Insurance companies.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We generally require a minimum account balance of \$500,000 for our asset management. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm. We will negotiate the minimum account balance at our discretion, such as, when a client anticipates being able to meet the minimum account balance through additional contributions to the account within a relatively short period of time.

**Item 8. Methods of Analysis, Investment Strategies & Risk of Loss**

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

- ***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or



overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

- **Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company could underperform regardless of market movement.

#### Investment Strategies We Use:

**Long-Term Purchases.** When utilizing this strategy, we purchase securities with the idea of holding them for a relatively long time (typically held for at least a year).

**Risk of Long-Term purchases.** A risk in a long-term purchase strategy is that, by holding the security for this length of time, we do not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security can decline sharply in value before we make the decision to sell.

**Short-term Purchases.** When utilizing this strategy, we also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Short-Term Strategies.** A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in less favorable tax treatment of short-term capital gains.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short term trading risks.** Active and frequent trading of securities and financial instruments in a portfolio can result in short-term capital gains tax treatment. As a result of portfolio turnover, the performance of a portfolio can be adversely impacted.

**Short Sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and

the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Short Sales Risk:** Short sales are speculative transactions and involve special risks. In order to initiate a short position, a security must be borrowed. Strategies that execute short sales can incur a loss if the price of the security sold short increases in value between the date of the short sale and the date when we purchase the security to replace the borrowed security. Losses are potentially unlimited in a short sale transaction.

**Margin Transactions.** Only upon the request of a Client, we will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

**Risks of Trading Securities on Margin.** The risks of trading on margin include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin can require you to provide additional funds to the broker that has made the loan to avoid the forced sale of those securities or other securities in your account(s).
- The broker can force the sale of securities in your account(s). The broker can also force the purchase of securities in the case of short positions. If the equity in your account falls below the maintenance margin requirements under the law, or the broker's higher "house" requirements, the broker can exit positions in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such actions.
- The broker can sell your securities, or buy back short positions, without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the broker cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most brokers will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a broker has contacted a customer and provided a specific date by which the customer can meet a margin call, the broker can still take necessary steps to protect its financial interests, including immediately exiting positions without notice to the customer.
- You are not entitled to choose which positions in your account(s) are liquidated to meet a margin call. Because the securities are collateral for the margin loan, the broker has the right to decide which security to sell in order to protect its interests.
- The broker can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice. These changes in broker policy often take effect immediately and can result in the issuance of a maintenance margin call. A failure to satisfy the call can cause the liquidation of positions in your account(s).

**Please Note:**

Investing in securities involves risk of loss that clients should be prepared to bear.

While the stock market can increase and your account(s) could enjoy a gain, it is also possible that the stock market decreases and your account(s) suffers a loss. The value of your investment in a private placement could be worth more or less than the initial commitment value. Private placements pose liquidity risk and redemptions are only permitted at specific intervals. In many private placements, there is a lock-up period, where you are unable to redeem your interests. During this period, you remain subject to all risks associated with the private placement. It is important that you understand the risks associated with investing, are appropriately diversified in your investments, and ask us any questions you may have.

Depending on the types of securities you invest in, you may face the following risks:

***Market Risk:*** The price of a security, bond, or mutual fund can 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 can trigger market events.

***Inflation Risk:*** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

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

***Financial Risk:*** Excessive borrowing to finance a business' operations increases the risk 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 could result in bankruptcy and/or a declining market value.

***Distress Events:*** A Fund's investment is subject to the risk that one of the Fund's banks, lenders or other custodians of some or all of the Fund's assets (each a "counterparty") is unable to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). A Distress Event can be caused by a variety of factors, including but not limited to, eroding market sentiment, a change in interest rates, significant customer withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Fund's counterparty experiences a Distress Event, the Firm, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although many regulated banks and broker-dealers in the United States insure assets up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), or the Securities Investor Protection Corporation ("SIPC"), respectively, amounts in excess of the relevant insurance are subject to risk of loss, and any counterparties that are not subject to similar arrangements pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance

that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event can adversely affect Core Financial's ability to manage the Funds and their investments, and the ability of the Firm, any Fund and/or portfolio companies to maintain operations, resulting in significant losses. In the event a counterparty experiences a Distress Event, this could cause Funds to be unable to draw capital on a credit line to close a transaction or acquire or dispose of investments at prices that reflect the fair value of such investments; investors to be unable to make capital contributions or otherwise; and/or portfolio companies to be unable to make payroll, fulfill obligations and maintain operations. Although in the event of a Distress Event, Core Financial expects to exercise contractual remedies under the agreements with counterparties, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many counterparties require the Firm and/or or the Fund to maintain all or a set amount or percentage of their respective accounts or assets with such counterparty or its affiliate(s), which increases the risks associated with a Distress Event with respect to such counterparty. Although the Firm seeks to do business with counterparty that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Firm is under no obligation to use a minimum number of counterparty with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

***Mutual Funds (open end and closed end) Risks:*** Investing in mutual funds carries the risk of capital loss and thus you could lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (generally, lower risk) or stock "equity" nature.

***Exchange Traded Funds (ETFs) Risks:*** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a company declaring bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

***Liquidity Risk:*** When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, we can invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security restricts our ability to dispose of investments in a timely fashion or at an advantageous price, which can limit the ability to take full advantage of market opportunities. Limited partnerships are relatively illiquid and can require long waiting periods for investment return. Some are subject to significantly less regulation than public investments.

***Fixed Income Risks:*** Portfolios that investment in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks could occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in financial markets.

**Equity Risks:** The prices of equity investments fluctuate on a daily basis and at any given time. An investor has no assurance that they will be able to recoup their investment. Equity securities are subject to market risk, that is, as perceptions of a company's business prospects change, the actions of both buyers and sellers are affected. A dividend-paying stock could decrease or even cease to pay a dividend based on overall profitability. In the event of bankruptcy, common stockholders have a residual claim on company assets upon dissolution and therefore are the final class of investor to receive payment on their initial investment.

**Small/Mid-Cap Risk:** Stocks of small or small emerging companies could have less liquidity than those of larger, established companies and could be subject to greater price volatility and risk than the overall stock market.

**Diversification Risk:** Investments that are concentrated in one or few industries or sectors could involve more risk than more diversified investments, including the potential for greater volatility.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows could be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Cyber Security Breaches and Identity Theft:** Core Financial's information and technology systems could be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Although Core Financial has implemented various measures to manage risks relating to these types of events, these systems could be accidentally or willfully compromised, become inoperable for extended periods of time or cease to function properly requiring a significant investment of time and expense to fix. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Core Financial's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputation of Core Financial and their respective affiliates to legal claims, and otherwise adversely affect their business and financial performance.

The techniques used to breach the security of Core Financial's computer systems and network in order to obtain unauthorized, improper or illegal access to its confidential data or disable or degrade its services are constantly evolving, may be difficult to detect quickly, and often are not recognized until after they have been successful. Any security breach,

whether actual or perceived, would harm the reputation of Core Financial, which could cause them to lose investors and business partners, and of which could adversely affect their business.

In addition, cybersecurity has become a high priority for regulators around the world. Many jurisdictions in which the Firm operates have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation (GDPR) in the European Union (“EU”) that went into effect in May 2018 and the California Consumer Privacy Act (CCPA), as amended by The California Privacy Rights Act of 2020 (CPRA), adopted on November 3, 2020 and effective on January 1, 2023. These jurisdictions could require companies to notify individuals of data security breaches involving certain types of personal data. Mandatory disclosures are costly to implement and often lead to widespread negative publicity, which could cause counterparties and investors to lose confidence in the effectiveness of Core Financial’s data security measures. New and existing laws and regulations could impose other privacy related obligations on companies and regulators’ interpretations and approaches to enforcement of these laws and regulations continue to evolve over time. If Core Financial fails to comply with applicable laws and regulations, it could result in legal or regulatory proceedings against the Firm by governmental authorities, counterparties or others, which could also lead to negative publicity and loss in confidence.

***Force Majeure Risks:*** Core Financial and its affiliates could be subject to the risk of loss arising from exposure to the impact of various catastrophic events, including, without limitation, earthquakes and other natural disasters, terrorism, and pandemics. These risks of loss can be substantial and could have a material adverse effect on Core Financial either directly or indirectly through disruptions to the business and operations of the firm’s service providers and other counterparties.

***Business Continuity and Disaster Recovery:*** As described above, Core Financial’s business operations could become vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), epidemics and pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although Core Financial has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies are planned for. If such business operations are disrupted or suspended for extended periods of time, the client accounts may be adversely affected.

Core Financial developed and tested a business continuity and disaster recovery plan (“BCP”) plan to provide protocols in an emergency, such as COVID-19. These procedures are designed to limit disruption in services and maintain efficient and effective operations. Core Financial has performed real-time firm-wide BCP testing which has proven the Firm has a well-defined plan and its controls and policies are effective.

***Private Placements Risks:*** Private placements carry a substantial risk as they are subject to less regulation than publicly offered securities. The market to resell these assets under applicable securities laws can be illiquid because of restrictions on resale or the nonexistence of a resale market. Consequently, liquidation could be taken at a substantial discount to the

underlying value or result in the entire loss of the value of such assets.

### ***Specific Risks of investing in Real Estate Funds***

***Concentration of Investments:*** Real Estate Fund investments may be concentrated in loans to its affiliates. Real Estate Fund can typically hold a small number of investment positions, each representing a relatively large portion of the total fund's capital. Any losses with respect to such Real Estate Fund's individual investments will materially and negatively impact the respective fund.

***Limited Liquidity of Some Investments:*** Real Estate Funds holdings are typically illiquid. Such funds will not be able to promptly liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, could therefore be affected. In addition, the value assigned to such securities for purposes of valuing interests and determining net profits and net losses could differ from the value the Real Estate Funds are ultimately able to realize.

***Insolvency Considerations with Respect to Issuers of Indebtedness:*** Various laws enacted for the protection of creditors could apply to indebtedness in which Real Estate Funds invest. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of the respective Real Estate Fund were to find that such fund did not receive fair consideration or reasonably equivalent value for incurring the indebtedness and that, after giving effect to such indebtedness, the Real Estate Fund (a) was insolvent, (b) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the Real Estate Fund, or to recover amounts previously paid by the respective Real Estate Fund in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary.

Generally, the Real Estate Funds would be considered insolvent at a particular time if the sum of its debts was then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the Real Estate Fund was "insolvent" after giving effect to the incurrence of the indebtedness in which the fund invested or that, regardless of the method of valuation, a court would not determine that the fund was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of the Real Estate Fund of indebtedness in which the fund invests, payments made on such indebtedness could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency. In general, if payments on indebtedness are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the Real Estate Fund to which such payments were made.

## **Item 9. Disciplinary Information**

The SEC and/or state regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a management person has been involved in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a client's or prospective client's evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

## **Item 10. Other Financial Industry Activities & Affiliations**

- A. Description of any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person listed below. We are required to identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how we address it.

From time to time, Core Financial may recommend and/or administer a third-party, separately managed 401k plan and receive compensation for that activity.

Certain supervised persons, who are licensed insurance agents, could be compensated via commissions from the sale of an insurance product directly or Core Financial may be compensated.

As a licensed insurance agent, Mr. Koudsi recommends to advisory clients a variety of insurance products, and can offer commissionable insurance products to Core Financial's clients.

A conflict of interest exists due to the licensed insurance agent being compensated via full or partial commissions from the sale of an insurance product either directly or through another firm. The insurance commissions are separate from and in addition to any fees that Core Financial receives for advisory services. Clients are under no obligation to act on any insurance recommendations or place any transactions through the recommended insurance professionals if they decide to follow their recommendations. Mr. Koudsi spends minimal time on this activity.

As previously noted, Mr. Koudsi is co-owner and controlling member of KoBre Holdings, LLC which is the general partner of Trojan Storage Open-End Acquisition Fund, LLC and other Trojan Storage Funds. Mr. Koudsi spends approximately 50% of his time collectively on the aforementioned activities. Certain of Core Financial employees will provide services to KoBre Holdings, LLC. Such Core Financial personnel will devote as much of their time to the aforementioned activities as they deem necessary and appropriate. These activities could be viewed as creating a conflict of interest in that the time and effort of certain Core Financial



personnel will not be devoted exclusively to the business of Core Financial.

It is important to note that advisory clients are solicited to invest in various Trojan Storage Funds. This is a conflict of interest. Any such transactions are considered principal transactions, and Core Financial must comply with the requirements of Section 206(3) of the Advisers Act. These requirements include (1) providing sufficient disclosure of the conflicts of interest and the terms of the transaction, and (2) obtaining the prior written consent of the Client.

It is also important to note that advisory clients have been solicited to invest in Jett Ventures Fund 1, LLC which is a conflict of interest. Jett Ventures, LLC is the manager of Jett Ventures Fund 1, LLC, a venture capital firm that targets investment in early-stage companies in the software/technology-enabled services, real property development/operations, and other capital-intensive industries where a market opportunity for significant recurring revenue exists. Mr. Koudsi is a controlling member of Jett Ventures.

Clients are charged a performance fee when invested in a private fund, including Jett Ventures Funds and Trojan Storage Funds, for which an affiliated person is the managing member/general partner of the fund. This situation can cause a conflict of interest in that the private fund would most likely have higher compensation from a performance-based fee account than an account without a performance-based fee advised by Core Financial. Core Financial has an incentive to recommend private funds where an affiliated person is the managing member/general partner of such fund, since such affiliated person stands to receive greater compensation from the fund. However, Core Financial clients are in no way obligated to or required to make such investment in private funds. Core Financial ensures that all recommended investments, including those made to an affiliated private fund, are in the best interest of each Client.

Mr. Koudsi is a part-owner of Counterpoint Mutual Funds, LLC, the investment adviser to the Counterpoint Tactical Income Fund, Counterpoint Tactical Municipal Fund, Counterpoint Long-Short Equity Fund, the Counterpoint Tactical Equity Fund, and any future Counterpoint-branded Fund. Mr. Koudsi receives compensation from Counterpoint which represents a conflict of interest that is mitigated by a fee offset. See Item 5.C – Fees and Compensation for details of the fee offset.

- B. If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

#### Counterpoint – Role of Counterpoint Mutual Funds

Counterpoint Mutual Funds is a provider of liquid alternative mutual funds. The funds managed by Counterpoint employ algorithmic trend-following decision tools to determine when to buy and sell mutual funds and ETFs of high yielding bonds, low duration treasuries, cash equivalents, and US and International stocks.

Core Financial's affiliation with Counterpoint reflects our firm's fundamental belief that liquid alternative investments, which have been used by large institutions and endowments for quite some time, should be made accessible to individual retail investors.

#### Role of Private Placements (including Trojan Storage Funds)

When appropriate, Core Financial recommends private placements, including Private Equity, Private Real Estate, Private Debt, and other private funds (which the principal(s) of our firm could elect to co-sponsor) to our clients in order to help them achieve potentially greater current income and capital appreciation, while attempting to reduce volatility and achieve above-average uncorrelated returns relative to all other asset categories. Our due diligence process emphasizes rigorous analysis which focuses on manager track record, risk/adjusted returns, style purity, fees, investor minimums, and liquidity features.

When public investment vehicles do not meet our desired criteria, Core Financial directs a reasonable segment of our clients' portfolios to be allocated to a private strategy, which the principal(s) of our firm could co-sponsor, if appropriate based on the client's investment objectives and risk tolerance. In this instance, the principal(s) of our firm clearly discloses any potential conflicts of interest to clients and/or prospective investors prior to moving forward with such private strategies. As previously noted, Core Financial client's investments in Trojan Storage Funds and Jett Ventures Funds will be included when calculating the assets under management fee.

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

A. **Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.**

Pursuant to Rule 204A-1 of the Advisers Act, Core Financial adopted a Code of Ethics (referred to in this Brochure as the "Code") to ensure that Core Financial fulfills its role as a fiduciary to the Clients. The interests of the Clients must always be recognized, respected, and have precedence over Core Financial employees. The Code requires that Core Financial employees and certain associated persons act in the best interests of the Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent they arise. Core Financial employees are also required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws by Core Financial or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Core Financial's personnel. The Code requires that personnel pre-clear certain transactions, report personal securities transactions in accordance with the Code on at least a quarterly basis and submit reports to Core Financial regarding personal accounts and reportable securities holdings at least annually. The Code also (i) addresses outside activities of employees, conflicts of interest, and policies and procedures concerning the prevention of insider trading, (ii) includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business

entertainment items, and (iii) addresses the pre-clearance and reporting of political contributions. Employees are required to provide a written certification to Core Financial agreeing to comply with the Code. Copies of this Code can be requested by contacting Core Financial's Chief Compliance Officer at (310) 450-6004.

Core Financial has adopted policies and procedures prohibiting their employees from purchasing securities that are recommended to, or held by, Client accounts as part of the Wrap Program. However, they may continue to own securities they held when they became employees or when such policies and procedures were adopted, as the case may be, but they may not personally add to their position. Employees also may sell those legacy securities and participate in private investments with the written pre-approval of the CCO. In addition, certain Core Financial employees have accounts managed by the Firm as part of the Wrap Program and/or investment advisers unaffiliated with Core Financial. No such employee has control over the securities purchased and sold for any such account and employee personal accounts managed as part of the Wrap Program are considered Client accounts for purposes of personal trading. For the reasons described above, the Firm's employees could personally own the same securities that Core Financial purchases and sells for Clients and could use knowledge about actual or proposed securities transactions and recommendations for a Client account to profit personally by the market effect of such transactions and recommendations. However, as discussed above, Core Financial has adopted policies and procedures to address these potential conflicts.

## **Item 12. Brokerage Practices**

### **A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

#### **1. Research and other soft dollar benefits.**

If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

Our firm recommends that clients establish brokerage accounts with Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), Fidelity Brokerage Services LLC ("Fidelity"), or Royal Bank of Canada ("RBC") registered broker-dealers, Members SIPC. Schwab/Fidelity/RBC services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but that may benefit our firm. Our firm is independently owned and operated and not affiliated with Schwab/Fidelity/RBC. Our firm can also recommend that Clients establish accounts with firms other than Schwab/Fidelity/RBC.

#### **a. Explanation of when we use client brokerage commissions (or markups or markdowns)**

to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products, or services.

As part of the arrangement described in Item 12A1, Schwab/Fidelity/RBC also make certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Schwab/Fidelity/RBC directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab/Fidelity/RBC to our firm include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab/Fidelity/RBC to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Although our Firm pays for other third-party research at our own expense, without these arrangements, our firm might be compelled to purchase additional services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

As a result of receiving the services discussed in 12A(1)(a) of this Firm Brochure for no additional cost, we have an incentive to continue to use or expand the use of Schwab/Fidelity/RBC's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab/Fidelity/RBC and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Schwab/Fidelity/RBC charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions); however, as our clients are charged a bundled fee for investment advisory services and the executions of transactions, clients will not incur fees for transactions initiated by Core Financial.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

We do not receive soft dollar benefits as a result of higher commission charges to the client. We receive the services discussed in 12A(1)(a) of this Firm Brochure for no additional cost. By participating in a wrap fee program, you could end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs would be passed directly through to you by the executing broker under a non-wrap program.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

The investment research products and services obtained by our firm will generally be used to service all of our clients, and clients will not incur separate fees for transactions initiated by Core Financial.

## 2. Brokerage for Client Referrals.

If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage)

We do not receive client referrals from any broker-dealer or third party selected that we recommend.

### a. Directed Brokerage.

If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we could be unable to achieve best execution of client transactions, and that this practice could cost our clients more money.

We require clients to select Schwab, Fidelity, or RBC as their broker-dealer/custodian. Not all investment advisers require their clients to trade through specific brokerage firms. By requiring clients to use Schwab, Fidelity, or RBC, we believe we will be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio. See Items 12A(1)(a) and Item 14A of this Brochure for more details on how we deal with potential conflicts of interest resulting from our relationships with these three broker-dealers.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased

are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

- b. If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

We will not allow clients to direct us to use a specific broker-dealer to execute transactions. Clients must use the broker-dealer/custodian that they selected to custody their account(s) to execute transactions. Not all investment advisers require their clients to trade through specific brokerage firms. By requiring clients to use Schwab, Fidelity, or RBC, we believe we will be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13. Review of Accounts or Financial Plans**

- A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

The financial advisors meet with financial planning clients that engage us for ongoing services to discuss updates to their plans, changes in their circumstances, etc.

The financial advisors or portfolio managers review asset management accounts on at least a quarterly basis. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

At times, we will review client accounts more frequently than described above. Among the factors which would trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

As also mentioned in Item 13A of this Brochure, ongoing review of financial planning and consulting clients do not occur unless they are engaged for ongoing services with us. Ongoing services will automatically renew annually.

We do provide statements to asset management clients on a quarterly basis. Verbal reports to clients take place on at least an annual basis when we meet with our asset management clients.

#### **Item 14. Client Referrals & Other Compensation**

A. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Schwab/Fidelity/RBC:

Our firm places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Our firm can use broker-dealers other than Schwab/Fidelity/RBC to execute trades for client accounts maintained at Schwab/Fidelity/RBC, but this practice could result in additional costs so we are more likely to place trades through Schwab/Fidelity/RBC rather than other broker-dealers. Schwab/Fidelity/RBC's execution quality could be different than other broker-dealers. For our client accounts maintained in its custody, Schwab/Fidelity/RBC generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab/Fidelity/RBC or that settle into Schwab/Fidelity/RBC accounts.

Some of the products, services and other benefits provided by Schwab/Fidelity/RBC benefit us and may not benefit our firm's client accounts. These benefits include national, regional, or specific to our firm, educational events organized and/or sponsored by Schwab/Fidelity/RBC. Other potential benefits include occasional business entertainment of personnel of our firm by Schwab/Fidelity/RBC personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which could accompany educational opportunities. Other of these products and services assist us in managing and

administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally can be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab/Fidelity/RBC. Schwab/Fidelity/RBC also makes available to us other services intended to help our firm manage and further develop its business enterprise. These services can include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab/Fidelity/RBC can make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab/Fidelity/RBC can discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While, as a fiduciary, our firm endeavors to act in its clients' best interests, our recommendation/requirement that clients maintain their assets in accounts at Schwab/Fidelity/RBC is based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab/Fidelity/RBC, which creates a potential conflict of interest.

Without the bundled services we receive from Schwab/Fidelity/RBC, we would have to obtain the aforementioned services and products for cash. As a result of receiving such products and services for no cost, we have an incentive to continue to place client trades through broker-dealers that offer these bundled services. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, our firm must determine in good faith, based on the "best execution" policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

From time-to-time our firm makes an error in submitting a trade order on a client's behalf. When this occurs, we place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for the client to retain the gain, or our firm confers with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. If the gain does not remain in the client's account and Fidelity is the custodian, Fidelity will retain the gain. If a loss occurs, we will pay for the loss. RBC has a similar policy. Generally, if related trade errors result in both gains and losses in the client's account, they will be netted.



- B. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We currently do not pay or receive compensation for client referrals.

### **Item 15. Custody**

- A. If we have custody of client funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) sends account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody.

We have limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account.

A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from us as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this Brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

### **Item 16. Investment Discretion**

If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority. The following procedures are followed before we assume this authority:

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our asset management clients.

### **Item 17. Voting Client Securities**

If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients can call, write or email us to discuss questions

they may have about particular proxy votes or other solicitations.

We do not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

### **Item 18. Financial Information**

- A. If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

- B. If we have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.