



*a Registered Investment Adviser*

*Part 2A of Form ADV Brochure*

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This brochure provides information about the qualifications and business practices of Resonant Capital Advisors, LLC (hereinafter “Resonant” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.



## **Item 2. Material Changes**

In this Item, Resonant is required to discuss any material changes that have been made to the brochure since its last annual amendment filed March 22, 2022. The Firm has updated Item 10. to disclose certain financial industry activities and affiliations. The Firm has no other changes to disclose in relation to this Item.



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## Item 4. Advisory Business

Resonant offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Resonant rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Resonant setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Resonant registered with the U.S. Securities and Exchange Commission as an investment adviser in August 2018 and is principally owned by Benjamin Dickey and Walter Dewey. As of December 31, 2022, Resonant had \$1,345,426,552 in assets under management, \$1,105,337,209 of which was managed on a discretionary basis and \$240,089,343 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of Resonant, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Resonant’s behalf and are subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

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Resonant offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning;
- Cash Flow Forecasting;
- Trust and Estate Planning;
- Financial Reporting;
- Investment Consulting;
- Insurance Planning;
- Philanthropic Planning;
- Retirement Planning;
- Risk Management;
- Charitable Giving;
- Distribution Planning;
- Tax Document Collection;
- Tax Planning, and
- Manager Due Diligence.

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Resonant is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Resonant recommends certain clients engage the Firm for additional related services, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest



exists for the Firm to recommend that clients engage Resonant or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Resonant under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Resonant's recommendations and/or services.

## **Investment Advisory and Wealth Management Services**

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Resonant manages and/or advises on client investment portfolios on a discretionary or non-discretionary basis. In addition, Resonant provides certain clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary investment management and/or non-discretionary advisory investment services.

Resonant primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), and independent investment managers ("Independent Managers") in accordance with their stated investment objectives. The Firm may also recommend and/or invest client assets in individual debt and equity securities, options, alternative investments, real estate investment trusts, and master limited partnerships ("MLPs"), as appropriate. In addition, Resonant may also recommend that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Clients can also engage Resonant to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Resonant directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Resonant tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Resonant consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Resonant if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Resonant determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.



## **Schwab Institutional Intelligent Portfolios Program**

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The Firm provides some of its portfolio management services through an automated investment program (the “IIP Program”) through which clients are invested in a range of investment strategies the Firm has constructed and manages, each consisting of a portfolio of ETFs and a cash allocation. The client may instruct the Firm to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“CS&Co”). The Firm uses the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to Independent Investment advisors and an affiliate of CS&Co, to operate the IIP Program. The Firm is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co, or their affiliates (together, “Schwab”). The Firm, and not Schwab, is the client's investment advisor and primary point of contact with respect to the IIP Program. The Firm is solely responsible, and Schwab is not responsible, for determining the appropriateness of the IIP Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. The Firm has contracted with SPT to provide it with the Platform, which consists of technology and related trading and account management services for the IIP Program. The Platform enables the Firm to make the IIP Program available to clients online and includes a system that automates certain key parts of the Firm’s Investment process (the “System”). The System includes an online questionnaire that helps the Firm determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that the Firm will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but the Firm then makes the final decision and selects a portfolio based on all the information the Firm has about the client. The System also includes an automated investment engine through which the Firm manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). The Firm charges clients a fee for its services as described below under Item 5 Fees and Compensation. The Firm’s fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the IIP Program. Schwab does receive other revenues in connection with the IIP Program. The Firm does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in the IIP Program.

## **Use of Independent Managers**

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As mentioned above, Resonant selects certain Independent Managers (including third-party managers and subadvisors) to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager, including any fees charged by the Independent Manager in addition to Resonant’s fees. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.



Resonant evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Resonant also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Resonant continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Resonant seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### *Third-Party Managers and Alternative Investments*

Clients may designate third-party investment managers to manage some of their account assets, and the Firm may make recommendations to clients regarding third-party managers. Likewise, clients may authorize the Firm to present "alternative investment" opportunities to them. Alternative investments are securities offered by virtue of a private placement exemption from registration pursuant to the Securities Act of 1933 and may include investments in real estate, hedge funds, and private equity funds as well as funds-of-funds. At the discretion and direction of clients, the Firm may oversee the diversification of a client's investment portfolio with alternative investments subscribed to directly by the client.

The Firm will review the performance of the client's designated third-party managers and alternative investment choices based on both absolute and comparative performance to benchmarks. Among other considerations, the Firm will also review the allocations, if any, to determine whether the client's portfolio is appropriately diversified and whether the consolidated account risk profile matches the client's risk tolerance. The Firm will then make recommendations to its clients as to whether or how their third-party manager and/or alternative investment allocation should change in order to achieve the client's desired investment objectives.

If clients designate third-party managers for the Firm to review and/or aggregate investment or performance information on in the context of providing the client a view of the entirety of their investable asset base, the Firm may charge an asset-based fee or flat fee (subject to negotiation) to the client for providing these services.

### *Subadvisors*

The Firm may delegate management of all or a portion of a client's account to one or more unaffiliated subadvisors, provided that the Firm has been authorized to do so by the client and the Firm believes that such delegation would be appropriate for the client. In the event that the Firm engages an unaffiliated subadvisor to manage a portion or all of a client's account, the Firm will provide on-going review and



oversight of the unaffiliated subadvisor. The Firm will review the performance of any subadvisor based on both absolute and comparative performance to benchmarks. Among other considerations, the Firm will also review and monitor the qualifications and disclosures of any subadvisor that it uses. If authorized by a client, the Firm retains the discretionary authority to hire and/or replace any subadvisor when warranted by the circumstances, as part of the Firm's engagement to manage the client's account consistent with the client's engagement with the Firm.

## **Retirement Plan Consulting Services**

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Resonant provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include some or all of the following services:

- Plan Design and Strategy;
- Plan Review and Evaluation;
- Executive Planning and Benefits;
- Investment Selection;
- Plan Fee and Cost Analysis;
- Plan Committee Consultation;
- Fiduciary and Compliance; and
- Participant Education.

The Firm may also offer discretionary investment management services to certain retirement plans. As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Resonant as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Resonant's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## **Investment, Institutional, and Business Consulting Services**

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### *Investment Consulting Services*

The Firm provides investment consulting services on behalf of clients. In such situations, the Firm makes investment recommendations to clients but assumes no responsibility for the implementation of its recommendations. It is up to the client to accept or reject the Firm's recommendations and to implement such recommendations if accepted.

### *Institutional Consulting Services*

Resonant also renders investment and non-investment related consulting services to various institutions and independent third parties as part of its institutional consulting services. Resonant's institutional consulting





services are specialized engagements individually negotiated with each institution based upon their specific needs. Resonant's institutional consulting services are not available to individuals, but rather address fundamental issues affecting various institutions within Resonant's area of concentration. Among other things, the Firm offers outsourced Chief Investment Officer ("OCIO") services. Through this OCIO offering, the Firm provides some or all of the following investment and administrative services:

- Investment Policy Advice with Asset Allocation and Capital Market Research;
- Active Portfolio Design, Projections and Education;
- Active Manager Search, Selection and Monitoring;
- Active Portfolio Monitoring and Risk Management;
- Investment Policy Statement Documentation;
- Comprehensive Reporting;
- Affiliate Relationship Support;
- Portfolio Operations and Treasury Services; and
- Measurement and Reporting Services.

## *Business Consulting*

Finally, Resonant also provides business consulting services, with a particular focus on family-owned closely held businesses. Resonant's business consulting services are specialized engagements individually negotiated with each family or business based upon their specific needs. The Firm provides some or all of the following business consulting services:

- Family Legacy, Succession and Communication Planning;
- Strategic Planning & Visioning;
- Family Office Strategy, Structure and Communication Consulting;
- Key Employee & Advisor Coordination;
- Transaction Advisory (M&A Consulting);
- Risk Management Advisory;
- Capital Allocation Advisory;
- Business Strategy & Forward-Looking Financial and Execution Planning;
- Business Development & Public Relations Advisory;
- Benefits Consulting;
- Software Development and Implementation;
- Shared Services; and
- Board and Governance.



## Item 5. Fees and Compensation

Resonant offers services on a fee basis, which includes fixed and/or hourly fees, as well as fees based upon assets under management or advisement of the account.

### Financial Planning and Consulting Fees

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Resonant charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but typically range from \$1,000 to \$5,000 on a fixed fee basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. Clients who engage the Firm for Discretionary Investment Management or Non-Discretionary Client Directed Investment Advisory services may elect to receive financial planning services at no additional fee. The Firm may also offset all or a portion of the client's investment advisory services fees based on the amount paid for any consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Resonant requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

### Discretionary Investment Management Fees

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Resonant offers discretionary investment management services for an annual fee based on the amount of assets under the Firm's management based on the following fee schedule:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
Up to \$3,000,000	0.75%
\$3,000,001 - \$5,000,000	0.65%
\$5,000,001 - \$10,000,000	0.50%
More than \$10,000,000	0.40%



Discretionary Investment Management clients may elect to receive comprehensive financial planning in addition to investment management services at no additional cost.

The Discretionary Investment Management fees are prorated and charged quarterly, in advance, based upon the aggregate market value of the discretionary assets on the last day of the previous billing period, as valued by the Custodian of the assets. Discretionary Investment Management accounts are subject to a minimum annual fee of \$5,000 (Minimum Management Fee), which may be waived by the Firm at its discretion. This Minimum Management Fee may have the effect of making services impractical for certain clients.

## **Non-Discretionary Advisory Investment Services Fees**

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Resonant offers non-discretionary advisory investment services, which include advising on Client-Directed Assets and Alternative Investments subscribed to directly by clients, based upon the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
Up to \$3,000,000	0.75%
\$3,000,001 - \$5,000,000	0.65%
\$5,000,001 - \$10,000,000	0.50%
More than \$10,000,000	0.40%

Non-Discretionary Client-Directed Assets clients may elect to receive comprehensive financial planning in addition to investment services at no additional cost.

### *Client-Directed Assets*

The non-discretionary advisory investment fees for Client-Directed Assets are prorated and charged quarterly, in advance, based upon the aggregate market value of the Client-Directed Assets on the last day of the previous billing period, as valued by the Custodian of the assets. Client-Directed Asset accounts are subject to a minimum annual fee of \$5,000 (Minimum Management Fee), which may be waived by the Firm at its discretion. This Minimum Management Fee may have the effect of making services impractical for certain clients.

### *Alternative Investments*

The non-discretionary advisory investment fees for Alternative Investments are charged quarterly, in advance, based upon the then currently available aggregate asset value of the Alternative Investments, as reported and provided to Resonant by the private placement sponsor. To calculate these fees, Resonant gathers valuation information and transaction history for Alternative Investments at least quarterly, if available, from the private placement sponsors with which clients have made investments at their, not Resonant's, discretion. Resonant conducts due diligence to understand the private placement sponsors'



valuation methodology and confirm the reasonableness of such methodology, but does not perform an independent valuation of clients' Alternative Investment assets.

## **Non-Discretionary Trading-Only Services Fees**

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Resonant offers non-discretionary, non-advisory Trading-Only services for assets designated as such by the client for an annual fee of 0.10% of the Trading-Only Assets. This fee is prorated and billed on a quarterly basis, in advance, based upon the aggregate market value of the Trading-Only Assets on the last day of the previous billing period, as valued by the Custodian of the Trading-Only Assets.

## **Consolidated Reporting-Only Services Fees**

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Resonant offers Consolidated Reporting-Only services for held-away assets designated as such by the client for an annual fee of 0.10% of the Consolidated Reporting-Only Assets. This fee is prorated and billed on a quarterly basis, in advance, based upon the aggregate market value of the Reporting-Only Assets on the last day of the previous billing period, as valued by the Custodian of the assets.

If any Reporting-Only Assets consist of Alternative Investments, such assets are charged based on the aggregate asset value of the Alternative Investments, as reported and provided to Resonant by the private placement sponsor. Resonant bills in advance on asset values as of the last day of the prior quarter. Updated valuations are reconciled against the appraiser and sponsor's original and updated information.

## **Retirement Plan Consulting Fees**

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Resonant charges either a fixed project-based fee or an asset-based fee based on the assets in the plan to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered. The annual fixed fee ranges from \$10,000 to \$50,000. The annual asset-based fee ranges from 0.10% to 0.25% per annum.



## **Investment, Institutional, and Business Consulting Fees**

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### *Investment Consulting Fees*

The Firm charges an asset-based fee for investment consulting services based on the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
Up to \$5,000,000	0.25%
\$5,000,001 - \$10,000,000	0.20%
\$10,000,001 - \$15,000,001	0.15%
Above \$15,000,000	Negotiable

This fee will be prorated and billed on a quarterly basis, in advance, based upon (a) the market value of marketable securities as reported by the custodian of the assets and (b) the lower of market value and cost of any non-marketable securities as of the end of the preceding Billing Period.

### *Institutional Consulting Fees*

Resonant charges a fixed fee and/or hourly fee for Institutional Consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual institution, as memorialized in the Agreement. These fees vary based on the scope of the services to be rendered and the individual performing the institutional consulting services. Hourly fees range between \$100 - \$350 per hour. Fixed fees are determined based on the projected hourly commitment required to perform the agreed upon services.

### *Business Consulting Fees*

Resonant charges a fixed fee and/or hourly fee for business consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual family or business, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered and the individual performing the business consulting services. Hourly fees vary between \$100 - \$350 per hour. Fixed fees are determined based on the projected hourly commitment required to perform the agreed upon services.

## **Effects of Deposits, Withdrawals and Termination of Services on Asset-Based Fee Calculations**

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If assets are deposited into or withdrawn from an account after the start of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis, pursuant to Resonant's internal policies and procedures.



In the event the Advisory Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

## **Fee Discretion**

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Resonant may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities. The employees of Resonant and their family-related accounts may be charged a reduced fee for services.

Resonant may also aggregate related client accounts for the purposes of determining the account size and annualized fee. This practice, commonly referred to as “householding,” may result in lower fees than if fees were calculated on portfolios separately. The decision to household portfolios for fee purposes considers, among other criteria, the scope and size of the overall client relationship.

## **Additional Fees and Expenses**

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In addition to the advisory fees paid to Resonant, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, mark-ups and mark-downs on fixed-income transactions, other transactions costs, custodial fees, fees attributable to Alternative Assets, reporting charges, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. As described in Item 4. above, clients do not pay fees to SPT or transaction fees or other fees to CS&Co as part of the IIP Program. Schwab does not receive other revenues in connection with the IIP Program, as described in the IIP Program Disclosure Brochure. The Firm’s brokerage practices are described at length in Item 12., below.

## **Direct Fee Debit and Alternative Billing Methods**

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Clients provide Resonant and/or certain Independent Managers with the authority to directly debit their accounts for payment of Discretionary and Non-Discretionary Client Directed investment management and/or advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less



than quarterly detailing all account transactions, including any amounts paid to Resonant. Clients shall designate the accounts from which fees for Alternative Investments, Trading Only Assets and/or Consolidated Reporting-Only services are paid. Clients may elect to have Resonant send a separate invoice for direct payment.

### **Use of Margin**

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Clients may choose to use margin borrowing collateralized by the assets in the client's investment portfolio. In these cases, the fee payable will be assessed gross of any outstanding margin liability, such that the market value of the client's account and corresponding fee payable by the client to Resonant will not be affected by the presence or amount of margin liability secured by those assets.

### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to Resonant's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients can withdraw account assets on notice to Resonant, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Resonant may consult with its clients about the options and implications of transferring securities.

### **Additional Services**

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Clients are advised that a conflict of interest exists when the Firm recommends that clients engage Resonant for additional services in exchange for compensation. These services may include, but are not limited to, rolling over retirement accounts or moving other assets under the Firm's management. Clients retain absolute discretion for all decisions with respect to Resonant's engagement and are under no obligation to act upon any recommendation.



## **Item 6. Performance-Based Fees and Side-by-Side Management**

Resonant does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Resonant offers services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Value**

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Resonant does not maintain a stated minimum investment value to open an account. However, the minimum investment required to open an account in the IIP Program, as described in Item 4. above, is \$5,000. The IIP Program Disclosure Brochure describes minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

### **Minimum Account Fee**

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With respect to Discretionary and Non-Discretionary Client-Directed accounts, Resonant imposes a standard minimum annual fee of \$5,000. This minimum fee may cause clients with smaller portfolios to incur an effective fee rate that is higher than the Firm's stated fee schedule. Resonant may, in its sole discretion, elect to waive its minimum fee based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client status, account retention, and pro bono activities.





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

### Methods of Analysis and Investment Strategies

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#### *General Approach*

The Firm endeavors to understand clients' financial goals, objectives and risk tolerance(s) prior to engaging them and making discretionary investment decisions. The Firm seeks to have its advisory and wealth management clients complete a risk tolerance assessment offered by a third-party provider. When possible and desired by the client, the Firm seeks to build a financial plan that provides context to the client's quantitatively-measured risk tolerance and financial goals, along with qualitative information provided during the planning process. In addition, the Firm builds forward-looking risk and return projections by asset class. The Firm does this by collecting multiple capital markets assumptions from credible industry sources, the Firm's financial planning software, and the Firm's own risk premia-based analysis to create conservative future return projections for the next 7-10 year period. These assumptions are then incorporated into the Firm's planning, asset allocation, and construction work. The Firm's portfolio models, while customizable by client, tax status, account, and overall relationship, are built on a five-part framework: risk tolerance; time horizon; financial plan and/or investment policy statement; asset allocation by asset class and sub-class; and strategy and/or security type.

#### *Asset Allocation*

Where appropriate, the Firm provides asset allocation recommendations to advisory and wealth management clients. The Firm organizes asset classes across four main types: cash and equivalents; fixed income; equities; and non-traditional and/or alternative investments. The Firm weights each client's allocations to each asset class based on the methodology outlined above, primarily focusing on risk tolerance assessments, financial planning, and forward-looking risk and return assumptions for capital markets. Within each asset class, the Firm may select or recommend individual securities or Separately Managed Accounts comprised of individual securities (selected by Firm personnel or subadvisors as described elsewhere herein), mutual funds, ETFs, or private placement investments. Intra-asset class strategies in the Firm's portfolio models might typically be defined as "active," "passive," or "factor-based" (also known as "smart beta" or "fundamental" strategies), and the Firm will typically blend all three types within each major asset class, following fund manager and strategy review as outlined below. To be included in a model, an investment must not only meet certain objective criteria, including performance, expenses, volatility, and duration of track record, but also be available for purchase through the client's custodian or clearing firm.

The Firm will limit its mutual fund recommendations to classes of shares that are not subject to a front-end sales load (or those that qualify for a waiver of such load) or 12-b1 fees.



## *Fixed Income*

The Firm employs a philosophy that emphasizes higher credit quality securities that build a portfolio with volatility characteristics similar to a chosen benchmark. The Firm does not believe that interest rates can be directionally forecast on a consistent basis, and therefore, the Firm tends to maintain portfolio duration that is relatively neutral to the chosen benchmark.

Depending upon the tax status of a client, the Firm will make relative value decisions between taxable and tax-exempt securities. Retirement accounts, individual retirement accounts, and private foundations will generally be invested in taxable securities with volatility characteristics similar to intermediate taxable indexes.

Clients that pay income taxes at higher marginal rates will generally be invested in higher-quality tax exempt securities. Because of credit quality concerns, the Firm favors general obligation debt of states and municipalities with more favorable debt carrying capacity.

If the interest rate spread between higher-quality and lower-quality debt widens to a degree that lower-quality securities represent outstanding value, the Firm will look to marginally invest in high yield or emerging market mutual funds that specialize in that area. Under normal circumstances, the majority of the Firm's fixed income investments would be considered investment-grade in credit quality.

In some situations, the Firm may utilize purchased money market products, ETFs or other investment products in order to meet client objectives. These products or strategies are subject to additional management fees and other expenses, as described in the offering memorandum or prospective of the ETF or investment company.

## *Equity*

The Firm employs a bottom-up security selection process that emphasizes companies that exhibit consistent sales and earnings growth while trading at valuations that are similar to market averages. Companies that are able to grow while generating excess free cash flow are emphasized. Besides normal valuation metrics such as price/earnings ratios and dividend yield, the Firm also relies heavily on free cash flow generation as a percentage of a firm's market capitalization, net of debt. The Firm believes this is a superior valuation metric as it combines the market assessment of a firm's growth profile along with balance sheet characteristics.

Companies that have strong balance sheets and free cash flow have more flexibility to reward shareholders by repurchasing shares or increasing dividends. The Firm believes this type of corporate activity results in superior returns for shareholders over longer investment periods. The Firm's goal is to minimize portfolio turnover as it believes undervalued securities can often take several years to correct market misvaluation. The Firm also believes that frequent trading in portfolio management can result in unnecessary trading costs



and tax impacts (for tax paying clients).

Individual security selection based upon the above criteria is primarily used in larger- and medium-capitalized companies (those with market values above \$10 billion). For investment in those companies with market values below \$10 billion, the Firm will use actively managed mutual funds or exchange traded funds to gain exposure to that area of the market.

### *Fund Manager Searches and Evaluations*

The Firm's fund manager selection process and ongoing review is designed to screen and evaluate strategies to uncover managers that demonstrate a history of superior investment performance. The Firm's methods aim to select managers it believes are most likely to produce repeatable and sustainable, positive risk-adjusted returns over a passive alternative and whose investment philosophies align with the Firm's core principles.

The due diligence process encompasses both quantitative and qualitative analysis followed by a comprehensive thesis report produced on investments considered for inclusion within a client portfolio. Initial screens serve to identify those managers whose past success is evident upon review of several performance and risk-based metrics. The Firm analyzes multiple time periods and places extra emphasis on challenging market environments. After identifying a subset of managers, the Firm researches those strategies to learn more about each team and their investment philosophies, processes, current positioning, and market outlook. The Firm aims to understand the factors behind their investment decisions while also establishing if the managers are insightful and can clearly articulate the process and current thesis behind core positioning. In essence, the Firm strives to determine whether the historical performance is attributable to a well-conceived strategy, if the Firm believes it is repeatable, and what factors might influence the results moving forward.

Ongoing analysis is conducted across all strategies currently being utilized while more in-depth reviews take place within the Firm's investment committee using many of the factors detailed in its quantitative and qualitative process. The Firm seeks to meet or speak with fund managers or their firm representatives at least annually while also participating in quarterly conference calls.

Generally speaking, as it relates to the analysis of risk, the Firm focuses on the investment relative to both the strategy benchmark and the peer average within the space. Emphasis is then placed on analysis of these relationships when looking at statistics over historical time periods. Statistics the Firm analyzes include, but are not limited to: several risk-adjusted return statistics (measures the amount of return relative to the amount of risk taken); Up/Down capture (computes the amount of participation relative to a benchmark); and Drawdown (the amount of negative return during prolonged market declines, typically compared with the benchmark).

Morningstar Direct is the primary tool utilized within the Firm's manager research process. It contains more



than 500,000 active investments within its database, with approximately 300,000 investments denominated in U.S. Dollars. The Firm complements data contained in Morningstar Direct with proprietary reports the Firm uses to analyze current holdings and allocations and to screen for investment ideas.

After a fund has been added to a portfolio, it is continuously monitored using the same quantitative and qualitative factors within the selection process. In situations involving substandard performance, it must be explainable by the fund's management and deemed, by the Firm's investment committee, to be temporary and reversible. Any change or deviation by a manager from the originally stated investment philosophy or process is grounds for a recommendation to terminate the manager.

### *Cash Management and ETFs*

Each client custodian "sweeps" non-invested cash balances in client accounts every day into a money market or other cash account selected by the client and offered as a service by the custodian. At either the Firm's direction or at the client's request, the Firm will recommend the sweep vehicle among the choices offered by the custodian. In such a case, the Firm makes a recommendation based on its understanding of the client's tax status and risk preferences.

Cash sweeps generally fall into four categories: (1) government money market funds; (2) prime rated money market funds (commercial paper); (3) tax-exempt money market funds (municipal vehicles); and (4) bank sweeps. The process and mechanics are the same for equity and fixed-income clients.

### **Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risk*

Investing involves risk, including the potential loss of principal that investors should be prepared to bear. The profitability of a significant portion of Resonant's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Resonant will be able to predict these price movements accurately or capitalize on any such assumptions.



## *Volatility Risk*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

## *Cash Management Risk*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time such decision may affect achievement of investment objectives over a particular period of time.

## *Equity-Related Securities and Instruments Risk*

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

## *Fixed-income Securities Risk*

Fixed-income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact performance.

## *Mutual Funds and ETFs Risk*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a



broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Interest Rate Risk*

In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.

### *Independent Managers Risk*

As stated above, Resonant selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Resonant continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Resonant does not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Private Collective Investment Vehicles Risk*

Resonant recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

### *Master Limited Partnerships Risk*

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which



are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

## *Options Risk*

Options allow investors to buy or sell a security at a contracted “strike” price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

## *Cybersecurity Risk*

Investing involves various operational and cybersecurity risks. These risks include both intentional and unintentional actions or events at the Firm, one of its Independent Managers or third-party service providers, that could result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise the Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to the Firm’s clients’ information. Resonant has established a business continuity plan and cybersecurity/data security plans designed to mitigate the risks associated with cybersecurity breaches. There are inherent limitations, however, in these plans and systems, including the possibility that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because Resonant does not directly control the cybersecurity systems of third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## *Real Estate Investment Trusts Risk*

Resonant may recommend to certain clients an investment in, or allocation of assets among, various real estate investment trusts (“REITs”), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle’s





shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

### **Item 9. Disciplinary Information**

Resonant has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisors to disclose certain financial industry activities and affiliations.

#### **Manager of Family-Owned Investment Entities**

One of the Firm's principals assists with the management of certain family-owned investment entities. Some of these entities, their managers and shareholders are also clients of the Firm. Some of these entities invest in strategies that are recommended by the Firm to its clients, in which case the Firm treats the family entity as it would any other client and in accordance with its internal policies and procedures for investment, manager, or sponsor selection.

The family related-entities also invest in strategies that are either not available to or not appropriate for Firm clients, in which case the entities and their managers exercise independent investment discretion.

It is possible that these independent family-related investments could lead to relationships with investment managers or sponsors that the Firm later deems to be appropriate for non-family Firm clients. In such a circumstance, the Firm will treat the family investment entities as it would any other client and in accordance with its written policies and procedures for investment, manager, or sponsor recommendation or selection.

#### **Licensed Insurance Agents**

Two of the Firm's Supervised Persons are licensed insurance agents. Because a conflict of interest exists to the extent that Resonant recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation, it is Resonant's policy to not allow any of its Supervised Persons to recommend the sale of insurance products that would result in compensation payable to the Supervised Person or the Firm.





## **Accounting Practice**

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One of the Firm's Supervised Persons is a Certified Public Accountant and an employee of a single member limited liability company (LLC), owned by the Supervised Person's spouse, that provides accounting services to businesses and individuals. To the extent that the LLC provides accounting services to any of Resonant's clients, all such services are performed by the LLC, in its separate capacity, independent of Resonant, for which services Resonant does not receive any portion of the fees charged by the LLC, referral or otherwise.

Although Resonant does not receive referral fees from the LLC, one of the Firm's Supervised Persons receives compensation relative to her employment with, and her spouse's ownership interest in, the LLC. As a result of this compensation, a conflict of interest exists if Resonant or any of its Supervised Persons recommends the LLC's services to Resonant's clients.

## **Client-Managed Entities**

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A current client of Resonant serves as a General Partner ("GP") of, and is compensated by, a registered investment advisory firm that provides private equity fund-of-funds investment opportunities. Resonant has recommended this firm and/or its strategies to its other clients. This represents a conflict of interest to the extent that the client/GP will receive compensation and benefit financially from other Resonant clients investing in its strategies. Resonant could also be subject to a conflict of interest if making the firm's future investment opportunities available to Resonant clients is motivated by a belief that the client/GP will continue to invest their individual assets with Resonant. All Resonant client investments in the firm's fund-of-funds are subject to, and made in accordance with, Resonant's client contract and Alternative Investment Acknowledgement, written policies and procedures for investment, manager, or sponsor recommendation or selection and Resonant's prior disclosure of this conflict to clients. Resonant does not receive any portion of the fees charged by the firm/fund-of-funds, referral or otherwise. Resonant does not manage and has no control over any of firm's fund-of-funds investments. To the extent that an investment or relationship raises particular conflicts of interest, Resonant will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

Several of Resonant's Supervised Persons invest in the fund-of-funds strategies, in which Resonant clients also invest. Resonant has policies and procedures in place designed to ensure that the conflicts of interest are appropriately managed and that Resonant is acting in the best interest of its clients.

A current client family of Resonant owns a real estate management and development company ("Company") that provides private equity investment opportunities to qualified investors. Multiple family member clients serve in executive positions, and are compensated by, the Company. Prior to this family



becoming a client of Resonant, Resonant made available the Company's investment opportunities to other clients through Resonant's Alternative Investment platform. Resonant may in the future make available other of this Company's strategies and investments to clients. This represents a potential conflict of interest since the Company and family may benefit financially from other Resonant clients investing in those strategies and investments. Resonant could also be subject to a conflict of interest if making the Company's future investment opportunities available to Resonant clients is motivated by a belief that the client family will continue to invest their individual assets with Resonant. Any future Resonant client investment in a Company-sponsored private equity opportunity would be subject to, and made in accordance with, Resonant's client contract and Alternative Investment Acknowledgement, written policies and procedures for investment, manager, or sponsor recommendation or selection and Resonant's prior disclosure of this conflict to clients. Resonant would not receive any portion of fees charged by the company/private equity investment, referral or otherwise. Resonant would not benefit financially, would not manage, and would have no discretion over the private equity investments. To the extent that an investment or relationship raises particular conflicts of interest, Resonant will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

Several of Resonant's Supervised Persons also invest in certain other private placement investments managed by clients of Resonant. While none of the client-managers receive compensation in their role as managers of the investments, a conflict of interest exists to the extent that as owners/investors in the private placements, the client-managers could benefit financially if their private placement investments are later deemed appropriate for, and recommended by Resonant to, other Firm clients. Further, the investment by Supervised Persons in private placements managed by Resonant clients could be viewed as creating an incentive for Resonant's Supervised Persons to favor those clients.



## Item 11. Code of Ethics

Resonant has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Resonant’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Resonant’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Resonant to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

Resonant recommends that clients utilize the custody, brokerage and clearing services of Schwab, as well as National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, “Fidelity”) for investment management accounts. The final decision to custody assets with Schwab or Fidelity is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations,



in which case the client is acting as either the plan sponsor or IRA accountholder. Resonant is independently owned and operated and not affiliated with Schwab or Fidelity. Schwab and Fidelity provide Resonant with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Resonant considers in recommending Schwab, Fidelity, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by Schwab and Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Resonant's clients to Schwab or Fidelity comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Resonant determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Resonant seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Resonant in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Resonant does not have to produce or pay for the products or services.

Resonant periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

With respect to the IIP Program, as described above under Item 4., the Firm does not pay SPT fees for its services in connection with the IIP Program as long as the Firm maintains \$100 Million in client assets in accounts at CS&Co that are not enrolled in the IIP Program. In light of the Firm's arrangements with Schwab, a conflict of interest exists because the receipt of these benefits creates an incentive for the Firm to recommend that the Firm's clients maintain their accounts with CS&Co. This is based on the Firm receiving Schwab's services that benefit the Firm's business rather than based on the client's interest in



receiving the best value in custody services and the most favorable execution of transactions. The Firm believes, however, that its selection of CS&Co as custodian and broker-dealer is in the best interest of its clients. It is primarily supported by the scope, quality and price of CS&Co's services and not Schwab's services that benefit only the Firm.

### **Software and Support Provided by Financial Institutions**

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Resonant receives without cost from Schwab and Fidelity administrative support, computer software, related systems support, as well as other third-party support as further described below (together "Support") which allow Resonant to better monitor client accounts maintained at Schwab and Fidelity and otherwise conduct its business. Resonant receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab or Fidelity. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Resonant, but not its clients directly. Clients should be aware that Resonant's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Schwab or Fidelity. In fulfilling its duties to its clients, Resonant endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab or Fidelity is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Resonant receives the following benefits from Schwab and Fidelity: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

#### *Schwab Institutional Intelligent Portfolios Program*

Through Schwab, CS&Co also provides the Firm and its clients, whether or not enrolled in the IIP Program, with access to its institutional brokerage services—trading, custody, reporting and related services—many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help the Firm manage or administer its clients' accounts while others help the Firm manage and grow its business. CS&Co's support services described below are generally available on an unsolicited basis (the Firm does not have to request them) and at no charge to the Firm. The availability to the Firm of CS&Co's products and services is not based on the Firm giving particular investment advice, such as buying particular securities for clients. CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities



transactions, and custody of client assets. The investment products available through Schwab include some to which the Firm might not otherwise have access or that would require a significantly higher minimum initial investment by the Firm's clients. CS&Co's services described in this paragraph generally benefit the client and the client's account. CS&Co also makes available to the Firm other products and services that benefit the Firm but may not directly benefit the Firm's clients or their accounts.

For client accounts maintained in its custody, Schwab 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 or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Resonant by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Resonant 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 the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to Resonant other services intended to help the Firm manage and further develop its business enterprise. These services may 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 may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may 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 the Firm. While, as a fiduciary, Resonant endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, creates a potential conflict of interest.

With respect to the IIP Program, Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co. While clients are required to use CS&Co as custodian/broker to enroll in the IIP Program, the client decides whether to do so and opens its account with CS&Co by entering into an account agreement directly with CS&Co. The Firm does not open the account for the client. If the client does not wish to place his or her assets with CS&Co, then the Firm cannot manage the client's account through the IIP Program.



## **Brokerage for Client Referrals**

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Resonant does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

## **Directed Brokerage**

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The client may direct Resonant in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Resonant (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Resonant may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

## **Trade Aggregation**

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Transactions for each client will be effected independently, unless Resonant decides to purchase or sell the same securities for several clients at approximately the same time. Resonant may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Resonant’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Resonant’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Resonant does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which





are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

### **Item 13. Review of Accounts**

#### **Account Reviews**

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Resonant monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on an at least a quarterly basis. Such reviews are conducted by the Firm's Principals. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Resonant and to keep the Firm informed of any changes thereto.

#### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Resonant and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Resonant or an outside service provider.





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

### **Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors or promoters for client referrals.

### **Other Compensation**

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The Firm receives economic benefits from Fidelity and Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## **Item 15. Custody**

Resonant is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. In addition, as discussed in Item 13., Resonant will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Resonant.

## **Item 16. Investment Discretion**

Resonant is given the authority to exercise discretion on behalf of clients. Resonant is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Resonant is given this authority through a power-of-attorney included in the agreement between Resonant and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Resonant takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.



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

Resonant accepts the authority to vote securities (i.e., proxies) on the behalf of certain clients. When Resonant accepts such responsibility, it will cast proxy votes only in a manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how Resonant voted proxies for that client's securities.

The Firm has engaged Broadridge Financial Services, Inc. ("Broadridge"), a third-party, independent proxy advisory firm, to provide it with research, analysis, and recommendations on the various proxy proposals for the client securities that Resonant manages with the aim of maximizing shareholder value. In engaging Broadridge for that purpose, Resonant has reviewed Broadridge's guidelines proxy voting. Resonant will continue to review Broadridge's proxy voting services to ensure that proxies are being voted in the best interest of clients.

Where Resonant is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke Resonant's authority to vote proxies. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that Resonant maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following Broadridge's third-party recommendation or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

#### *Class Action Lawsuits*

Resonant generally does not elect to participate in legal actions such as class action lawsuits on behalf of its clients. Such decisions remain with the client or an entity designated by the client. At the client's request, the Firm will provide administrative assistance by forwarding claims to the client or by providing supporting documentation and information. The final determination as to whether to participate, however, rests with the client.



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

Resonant is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.