



encompass  
WEALTH ADVISORS

## Form ADV Disclosure Brochure

January 1, 2023

Office Location:  
15350 SW Sequoia Pkwy, Suite 250  
Portland, OR 97224  
(971) 371-3451

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

This Form ADV Part 2A Disclosure Brochure provides information about the qualifications and business practices of Encompass Wealth Advisors, LLC (hereinafter “Encompass” or the “Firm”), a registered investment advisor with the United States Securities and Exchange Commission (SEC). If you have any questions about the contents of this Brochure, please contact the Firm at this telephone number listed above. The information in this Brochure has not been approved or verified by the 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, Encompass is required to discuss any material changes that have been made to this Brochure since the last annual amendment filed. The business practices of the Firm are substantially the same as represented in the Firm's previous and current years' annual updated Brochures. The following material changes have been made:

- The Firm has amended its Form ADV to update current Assets Under Management.
- As of August 1, 2023, Michelle Eldridge is named Chief Compliance Officer for the Firm.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Encompass Wealth Advisors, LLC is #170807. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michelle Eldridge, Chief Compliance Officer at (971) 371-3446 or [michelle@tru-ind.com](mailto:michelle@tru-ind.com).

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

Item 1. Cover Page .....	1
Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-by-Side Management .....	9
Item 7. Types of Clients.....	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9. Disciplinary Information .....	11
Item 10. Other Financial Industry Activities and Affiliations.....	12
Item 11. Code of Ethics .....	13
Item 12. Brokerage Practices .....	14
Item 13. Review of Accounts .....	17
Item 14. Client Referrals and Other Compensation .....	18
Item 15. Custody.....	18
Item 16. Investment Discretion.....	19
Item 17. Voting Client Securities.....	20
Item 18. Financial Information .....	21

## **Item 4. Advisory Business**

The Firm offers a variety of advisory services, which include financial planning, consulting, investment management and wealth management services. In dealing with clients, Encompass seeks first to evaluate a client's current, holistic financial situation prior to managing clients' investments. The Firm then designs and implements an investment plan aimed at achieving a client's financial objectives. Prior to the Firm rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Encompass setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

The Firm is owned by Matthew Presjak, Colin Williams, and Mary Minshall. As of December 31, 2022, Encompass had approximately \$281,546,072 in assets under management for approximately 920 accounts, approximately \$253,509,714 of which was managed on a discretionary basis for approximately 670 accounts and approximately \$28,036,358 for approximately 249 accounts managed on a non-discretionary basis.

While this Brochure generally describes the business of Encompass, 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 any other person who provides investment advice on Encompass' behalf and is subject to the Firm's supervision or control.

### **Financial Planning and Consulting Services**

---

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

- Business Planning
- Cash Flow Forecasting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

While these financial planning and consulting services are available on a stand-alone basis, certain of them may 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, Encompass 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. Encompass may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage the Firm or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by the Firm 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 Encompass' recommendations and/or services.

## **Wealth Management Services**

---

Encompass generally provides clients with wealth management services which may include financial planning and consulting services, as well as the discretionary and/or non-discretionary management of investment portfolios.

Under a wealth management engagement, Encompass primarily allocates client assets among various mutual funds, individual equity and debt securities and independent investment managers ("Independent Managers") in accordance with their stated investment objectives. On a more limited basis, the Firm may utilize exchange-traded funds ("ETFs") or other securities to meet a client's investment needs. In addition, the Firm 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). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in a client's portfolio.

Clients may also engage Encompass 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, the Firm 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.

The Firm 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. Encompass consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other factors relevant

to the management of their portfolios. Clients are advised to promptly notify Encompass if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if the Firm 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.

### **Use of Independent Managers**

---

As mentioned above, Encompass may select certain Independent Managers 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. In addition to this Brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

The Firm evaluates a variety of information about Independent Managers, which may include 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. Encompass also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

On an ongoing basis, Encompass monitors the performance of those accounts being managed by Independent Managers and seeks to ensure their strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

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

The Firm offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

---

Encompass generally charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but generally range from

\$2,500 to \$10,000, depending upon the scope and complexity of the services and the experience of the professional rendering the services. If the client engages the Firm for additional investment advisory services (such as investment management services), Encompass may offset all or a portion of its fees based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement, and Encompass generally requires one-half of the fee (estimated fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally 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.

### **Wealth Management Fees**

---

Encompass offers wealth management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies between 50 and 150 basis points (0.50 % –1.50%), depending upon the size and composition of a client's portfolio and the type of investment strategies and services rendered. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Encompass on the last day of the previous billing period.

If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is 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. 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**

---

Certain legacy clients may be subject to a different fee schedule or billing arrangements. In addition, Encompass 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 client relationship, account retention and *pro bono* activities. In addition, for management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Encompass may negotiate a fee rate that differs from the range set forth above.

## **Additional Fees and Expenses**

In addition to the advisory fees paid to Encompass, clients may incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, platform service providers, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, fees charged by the Independent Managers and third party service providers, margin costs, 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. The Firm’s brokerage practices are described at length in Item 12, below.

## **Direct Fee Debit**

Clients generally provide Encompass and certain Independent Managers with the authority to directly debit their accounts for payment of the investment 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 account transactions, including any amounts paid to Encompass.

## **Account Additions and Withdrawals**

As stated above, clients may make additions to and withdrawals from their account at any time, subject to Encompass’ right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients may withdraw account assets on notice to Encompass, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (*e.g.*, contingent deferred sales charges) and/or tax ramifications.

## **Commissions and Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with the Firm (not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose those not affiliated with Encompass.



Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), may provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons may be entitled to a portion of the brokerage commissions paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Encompass may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with PKS.

A conflict of interest exists to the extent that Encompass recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that Encompass, in its sole discretion, deems appropriate, the Firm may provide its investment advisory services on a fee-offset basis. In this scenario, Encompass may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of PKS.

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

Encompass does not provide any services for a separate 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**

Encompass offers services to high-net-worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and business entities.

### **Minimum Account Requirements**

---

Encompass does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Encompass may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### **Methods of Analysis and Investment Strategies**

---

Encompass may utilize several methods of analysis when structuring client portfolios including fundamental analysis and technical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Encompass may analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Encompass will be able to accurately predict such a reoccurrence.

To implement its recommendations, Encompass primarily allocates client assets among various mutual funds, individual equity and debt securities and Independent Managers in accordance with their stated investment objectives. On a more limited basis, the Firm may utilize ETFs or other securities to meet a client's investment needs.

### **Risk of Loss**

---

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Encompass' 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. There can be no assurance that the Firm will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and ETFs*

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 generally required 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.

### *Use of Independent Managers*

As stated above, Encompass may select certain Independent Managers to manage a portion of its clients' assets. In these situations, the Firm 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, Encompass generally does not have the ability to supervise the Independent Managers on a day-to-day basis.

## **Item 9. Disciplinary Information**

Encompass 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**

Encompass is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Registered Representatives of a Broker/Dealer**

---

Certain of the Firm's Supervised Persons are registered representatives of PKS and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5. This arrangement allows Encompass' Supervised Persons to offer certain qualified clients trading services, which gives the Firm the ability to execute trades through PKS of client assets custodied at Fidelity as defined in Item 12.

### **Licensed Insurance Agents**

---

Certain of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Relationship with tru Independence, LLC**

---

Encompass maintains a business relationship with tru Independence, LLC ("tru Independence"), a service platform for investment professionals and an SEC registered investment adviser. Through its relationship with tru Independence, Encompass gains access to services related to reporting, custody, investments, compliance, trading, technology, transition support and other related services. Encompass also shares the same principal place of business as tru Independence and may also utilize tru Independence for certain outsourced investment services, such as separate account management and asset allocation strategies.

In fulfilling its duties to its clients, Encompass endeavors at all times to put the interests of its clients first. The Firm reviews all of its service provider relationships on an ongoing basis in an effort to ensure decisions are made in the best interests of clients. Clients should be aware, however, that this relationship may pose certain conflicts of interest. Specifically, tru Independence charges Encompass a platform fee that decreases as assets increase. Accordingly, Encompass has an incentive to increase the assets it places through the tru Independence platform. tru Independence also provided transition support aimed at helping Encompass launch its new advisory firm. The receipt of economic and other benefits as described above from tru Independence creates an incentive for Encompass to choose tru Independence over other service

providers that do not furnish similar benefits.

## **Retirement Plan Accounts**

---

The Firm may from time to time recommend the rollover to an IRA from an employer sponsored retirement plan. This product will be recommended when it is deemed by the Firm to be in the best interest of the client. It is understood that the Investment Advisor Representative will receive management fee paid by me as indicated by the client agreement that will be signed when the account is opened.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

When recommending the rollover to an IRA from an employer sponsored retirement plan, you will be provided with disclosure on the reasons why the transaction is in your best interest, it will be required to be signed by both you and the advisor and will be maintained in your file.

## **Item 11. Code of Ethics**

The Firm 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. The Firm'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 Encompass' 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. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

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 mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

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

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

---

Encompass generally recommends that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") for investment management accounts.

Factors which Encompass considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Encompass' clients to 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 Encompass 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. Encompass seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Encompass in its investment decision-making process. Such research generally 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 Encompass does not have to produce or pay for the products or services. The Firm periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

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

---

Encompass may receive without cost from Fidelity computer software, systems and other support, which allow Encompass to, among other things, better monitor client accounts maintained at Fidelity. Encompass may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. The software and support are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related support may benefit Encompass, but not its clients directly. Specifically, Encompass may receive the following benefits from Fidelity:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

In addition, Encompass receives compensation from Fidelity based on that portion of client assets held at Fidelity which consist of no transaction fee (NTF) mutual funds (other than

Fidelity mutual funds). Encompass is paid approximately 17 basis points on applicable client assets on an ongoing basis for providing back-office, administrative, custodial support and clerical services to clients on behalf of Fidelity.

In fulfilling its duties to its clients, Encompass endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Firm's receipt of additional benefits and compensation from Fidelity (as described above) creates conflicts of interest. Encompass would benefit by recommending NTF funds for clients over other investments. Moreover, the receipt of additional compensation and benefits from Fidelity could influence Encompass' choice of custodian over another financial institution that does not furnish similar benefits.

### **Brokerage for Client Referrals**

---

Encompass 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**

---

The client may direct Encompass in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will generally negotiate terms and arrangements for the account with that Financial Institution. Encompass will generally 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 Encompass (as described below). 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, Encompass 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.

### **Commissions or Sales Charges for Recommendations of Securities**

---

As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of PKS. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless PKS provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through PKS if they have not secured written consent from PKS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from PKS, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other



than PKS under its internal supervisory policies. The Firm is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

## **Trade Aggregation**

---

Transactions for each client generally will be effected independently, unless Encompass decides to purchase or sell the same securities for several clients at approximately the same time. Encompass 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 generally be averaged as to price and allocated among Encompass’ 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 the Firm’s Supervised Persons may invest, the Firm generally 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. Encompass 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 may 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; 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**

---

Encompass monitors client portfolios on a continuous and ongoing basis while regular account

reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's Investment Committee and/or its individual investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Encompass, and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations, and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

## **Account Statements and Reports**

---

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 Encompass 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 reports they receive from Encompass or an outside service provider.

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

The Firm may provide compensation to third-party solicitors for client referrals. In the event a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from the Firm's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with the Firm's written Brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of the Firm is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written Brochure(s) at the time of the solicitation. In addition, the Firm has disclosed additional compensation arrangements in Items 10 and 12 above.

## **Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Encompass and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts have agreed to send statements to clients at least quarterly detailing all account transactions,

including any amounts paid to Encompass. Additionally, Encompass has the ability to disburse or transfer certain client funds pursuant to Standing Letters of Authorization executed by clients.

### **Third-Party Standing Letters of Authorization (“SLOA”)**

Our firm is deemed to have custody of clients’ funds or securities when clients have standing authorizations with their custodian to move money from a client’s account to a third-party (“SLOA”) and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow.

By working with the qualified custodian, the Firm has in place seven provisions set forth by the SEC to assist in mitigating risk. The below must be followed to clients with third-party SLOAs:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
2. The client authorizes the Firm, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client can terminate or change the instruction to the client’s qualified custodian.
5. The Firm has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
6. The Firm maintains records showing that the third party is not a related party of Firm or located at the same address as the Firm.
7. The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

As stated earlier in this section, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client’s independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

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

Encompass may be given the authority to exercise discretion on behalf of clients. The Firm 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. Encompass is given this authority through a power-of- attorney included in the agreement between the Firm and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Encompass 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; and
- The Independent Managers to be hired or fired.

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

### **Acceptance of Proxy Voting Authority**

---

Encompass may accept the authority to vote a client's securities (i.e., proxies) on their behalf. When Encompass accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in the Firm's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Encompass' Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Encompass to request information about how the Firm voted proxies for that client's securities or to get a copy of Encompass' Proxy Voting Policies and Procedures. A brief summary of Encompass' Proxy Voting Policies and Procedures is as follows:

- Encompass will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- Encompass will generally vote proxies according to Encompass' then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Encompass will vote all proxies as the Board of Directors of the Company recommends.
- Clients cannot direct Encompass' vote on a particular solicitation but can revoke the Firm's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or

personal relationships that Encompass maintains with persons having an interest in the outcome of certain votes, the Firm takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

## **Item 18. Financial Information**

Encompass 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.