



## Equita Financial Network, Inc.

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Fort Washington, PA 19034

### **Form ADV Part 2A – Firm Brochure**

1.800.604.0176

Dated August 31, 2023

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

This Brochure provides information about the qualifications and business practices of Equita Financial Network, Inc., (“Equita”). If you have any questions about the contents of this Brochure, please contact us at 1.800.604.0176 or [kburke@equitafn.com](mailto:kburke@equitafn.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Equita Financial Network, Inc. is registered as an Investment Adviser registered with the U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Equita is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm’s identification number 277031.

# Item 2: Material Changes

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Since the last filing of this Form ADV Part 2A, dated March 30, 2023, there have been no material changes.

# Item 3: Table of Contents

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# Item 4: Advisory Business

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## Description of Advisory Firm

Equita Financial Network, Inc. is registered as an Investment Adviser with the U.S. Securities and Exchange Commission. We were founded in June 2015. Kathleen Burke and Bridget V. Grimes are the principal owners of Equita.

Equita offers services through its network of investment advisor representatives (IARs) IARs may have their own legal business entities whose trade names and logos are used for marketing purposes. IAR Doing Business as (DBA) logos may appear on marketing materials or client statements. Clients should understand that the businesses are legal entities of the IAR, and not of Equita Financial Network. IARs are under the supervision of Equita and their advisory services are provided through Equita. Equita has the above described arrangement with the following IARs:

- Kathleen Burke, Method Financial Planning, LLC
- Bridget V Grimes, WealthChoice, LLC
- Melinda McCubbin, Truman Wealth Advisors, LLC
- Stefanie D. Crowe, AegleWealth, LLC
- Kimberlee A. Spencer, Next Step Financial LLC
- Jennifer C. Dazols, Modern Family Finance, LLC

Equita currently manages \$151,448,428 on a discretionary basis and \$70,903 on a non-discretionary basis.

## Types of Advisory Services

### Financial Planning

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.

- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.
- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the

primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation. We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

## **Financial Consulting**

This service involves working, one-on-one, with a planner over an extended period of time. By paying a monthly or quarterly retainer, clients have access to a planner who will work with them to monitor the plan, recommend any changes and ensure the plan is up to date on an agreed-upon schedule. The plan and the client’s financial situation and goal will be monitored throughout the year and follow-up phone calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out. On an annual basis there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be made at this time. This service may include Investment Management Services (described below).

## **Investment Management Services**

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. As part of our investment management services, we may employ unaffiliated registered investment advisers, as sub-advisers, to manage the client’s portfolio. In the service, we retain the ability to hire/fire sub-advisers without prior client consent. During our data-gathering process, we determine the client’s individual

objectives, time horizons, risk tolerance, and liquidity needs. Prior to introducing clients to another investment adviser, Equita will be responsible for determining whether the investment advisory firm is properly licensed, notice filed, or exempt from registration in the appropriate jurisdiction. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (e.g., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

## **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

# **Item 5: Fees and Compensation**

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Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## **Financial Consulting**

Financial consulting consists of an ongoing fee that is paid quarterly, in advance, at a rate up to \$7,500.00 per quarter. The fee may be negotiable in certain cases, and clients may choose to pay the fee monthly as well. This service may be terminated with 30 days' notice. Upon termination of any account, the fee will be prorated and any unearned fee will be refunded to the client. The client will receive an invoice and payment can be either made by check or with direct deposit (ACH) through a third-party payment processor.

## **Financial Planning Fixed Fee**

Financial Planning is also offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee will not exceed \$10,000.00, per plan. The fee is negotiable with payment structure agreed to in the financial planning agreement. However, Equita will not bill an amount above \$500.00 more than 6 months in advance. The client will receive an invoice and payment can be either made by check or with direct deposit (ACH) through a third-party payment processor. In the event of early termination, the fee will be prorated depending on work completed multiplied by the agreed upon hourly rate, and any unearned fee will be refunded to the client. In the case of an initial deposit, if the initial deposit is greater

than the amount billed, then the client will be refunded the difference. If the initial deposit is less, then the client will be billed the difference.

## **Financial Planning Hourly Fee**

Financial Planning fee is an hourly rate will not exceed \$500.00 per hour, depending on complexity and client's needs. The fee may be negotiable in certain cases. The fee is paid in advance. The client will receive an invoice and payment can be made by check or with direct deposit (ACH) through a third-party payment processor. Equita will not bill an amount above \$500.00 more than 6 months in advance. In the event of early termination by client, the fee will be prorated, and any unearned fee will be refunded to the client.

## **Investment Management Services**

For clients receiving Investment Management Services only, our standard advisory fee is based on the market value of the account and is calculated as follows:

<b>Account Value</b>	<b>Annual Advisory Fee</b>
<b>\$0 - \$250,000</b>	2.50%
<b>\$250,001 - \$500,000</b>	2.25%
<b>\$500,001 - \$1,500,000</b>	2.00%
<b>\$1,500,001 and Above</b>	1.50%

The annual fees are negotiable and are pro-rated and paid in advance on a quarterly basis, or clients may choose to pay monthly in arrears. Please note, the above fee schedule does include the sub-adviser's fee. Client fees when using a sub-adviser will not exceed 3% of assets under management. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from client accounts, paid by debit/credit through a third-party payment processor, or the client may choose to pay by check or with direct deposit (ACH) through a third-party payment processor. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 30 calendar days in advance. Upon termination of the account, any unearned fee will be refunded to the client.

## **Other Types of Fees and Expenses**

When implementing an investment recommendation, the client may incur additional fees such as, transaction fees, and other related costs and expenses. Clients may incur certain charges imposed by broker-dealers, and other third parties such as custodial fees, 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. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

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We manage certain strategies for which clients pay performance-based fees in addition to our Advisory Fee. The performance-based fee is based on the "hurdle rate method" calculation, described in Item 5. This type of fee arrangement is only available to "qualified clients" and may be negotiable in certain cases. The term **Qualified Client** means:

(i) A natural person who, or a company that, immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;

(ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

(A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000. For purposes of calculating a natural person's net worth:

(1) The person's primary residence must not be included as an asset;

(2) Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and

(3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or

(B) Is a qualified purchaser as defined in section 2(a)(51) (A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.



Clients should be aware that this arrangement may cause an inherent conflict of interest as it may give us more incentive to take greater risks or direct investments that are perceived to have higher return potential to the accounts that pay a performance fee. We attempt to mitigate this conflict by monitoring and enforcing trading guidelines. These guidelines are reviewed and monitored by the client as well as our Chief Compliance Officer. We manage accounts for numerous clients that invest in the same or similar securities. Although the securities used in our investment strategy are liquid and readily available, certain securities may occasionally have capacity constraints. We attempt to allocate investment opportunities among clients in a fair and equitable manner. Performance is not a factor in our decision to allocate securities to a client's account.

## Item 7: Types of Clients

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We provide financial planning services to individuals, high net-worth individuals, and other investment advisers. We do not have a minimum account size requirement.

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

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When clients have us complete an Investment Analysis (described in Item 4 of this brochure) as part of their financial plan, our primary investment philosophy is market efficiency and asset allocation.

**Market Efficiency** asserts that financial markets are “informationally efficient” and an investor cannot consistently achieve returns in excess of average market returns on a risk-adjusted basis, given the information available at the time the investment is made. Market efficiency does not mean having certainty about the future, rather it is a simplification of the world which may not always hold true, and that the market is practically efficient for investment purposes for most individuals.

**Asset Allocation** attempts to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance rather than focus primarily on securities selection. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

### Material Risks Involved

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** Equita's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Equita has no control over the risks taken by the underlying funds in which clients invest.

## Item 9: Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Equita or the integrity of our management. We have no information applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

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No Equita employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Equita employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Equita only receives compensation directly from clients. We do not receive compensation from any outside source and do not engage in product sales. We do not have any conflicts of interest with any outside party.

### Material Relationships with Other Investment Advisers

Equita provides financial planning support services, as a paraplanner, to other registered investment advisers for compensation. Equita may refer clients to these advisers, and they may refer clients to Equita, however no compensation is given for either referral activity.

As mentioned in Item 4 above, Equita may employ sub-advisers to manage client accounts. In such circumstances, Equita will compensate the sub-adviser out of the advisory fee it collects from the client. This situation creates a conflict of interest because Equita has the financial incentive to recommend cheaper sub-advisers. However, when employing a sub-adviser, the client's best interest and suitability of the sub-adviser will be the main determining factors of Equita. Prior to introducing clients to another investment adviser, Equita will be responsible for determining whether the investment advisory firm is properly licensed, notice filed, or exempt from registration in the appropriate jurisdiction.

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

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As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc. and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

### **Code of Ethics Description**

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We will, upon request, promptly provide a complete code of ethics.

## **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Our firm and its “related persons” (associates, their immediate family members, etc.) do not recommend to clients, or buys or sells for client accounts, securities in which we have a material financial interest. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over our clients.

## **Trading Securities at/Around the Same Time as Client’s Securities**

From time to time, our firm or its “related persons” may buy or sell securities for themselves at or around the same time as clients. We will not trade non-mutual fund securities prior to the same security for clients on the same day.

## **Investment Advice Relating to Retirement Accounts**

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.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

# **Item 12: Brokerage Practices**

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## **Factors Used to Select Custodians and/or Broker-Dealers**

Equita (“we/our”) does not maintain custody of your assets that we manage (although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use either TD Ameritrade, Inc. (“TD Ameritrade”) or Charles Schwab & Co., Inc. (“Schwab”), both FINRA-registered broker-dealers, members SIPC, to act as the qualified custodian. We are independently owned and operated and not affiliated with TD Ameritrade nor Schwab.

The selected qualified custodian will hold your assets in a brokerage account and buy and sell securities when we, or our sub-adviser, instructs them to. While we recommend that you use either TD Ameritrade or Schwab as custodian/broker, you will decide whether to do so and open your account with the qualified custodian by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at the qualified custodian, we can still use other brokers to execute trades for your account.

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

- combination of transaction execution services along with asset custody services
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below.

Equita has an arrangement with unaffiliated broker-dealers TD Ameritrade, Inc. ("TD Ameritrade") and Charles Schwab & Co., Inc. ("Charles Schwab"), through which the broker-dealers provide our firm with their "platform" services for our advisory clients. These platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support investment advisers like Equita in conducting business and in serving the best interests of our clients, but that may also benefit us.

The above mentioned unaffiliated custodians may charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Our independent custodian relationships enable Equita to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. These custodian's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by the custodians may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, some custodians will make available to our firm, at no additional charge to us, certain research and brokerage services, including research services from independent research companies, as selected by Equita (within specified parameters).

Equita may also receive additional services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

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

### **Brokerage for Client Referrals**

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **Clients Directing Which Broker/Dealer/Custodian to Use**

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients' money over using a lower-cost custodian.

### **Aggregating (Block) Trading for Multiple Client Accounts**

Aggregating trades (block trading) will be done at the discretion of the sub-adviser. Please refer to their Form ADV Part 2A for further detail.

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

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Our management personnel or investment adviser representatives review investment management accounts on at least an annual basis. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

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

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We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person for client referrals.

## Item 15: Custody

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Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Standing Letters of Authorization:** Equita does maintain a standing letter of authorization (SLOA) where the funds or securities are being sent to a third party, and the following conditions are met:

- a. 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.
- b. The client authorizes Equita, 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.
- c. 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.
- d. The client has the ability to terminate or change the instruction to the client's qualified custodian.
- e. Equita 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.
- f. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- g. Equita maintains records showing that the third party is not a related party of Equita or located at the same address as Equita.

## Item 16: Investment Discretion

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You may hire us to provide discretionary asset management services, in which case we place trades in your account(s) without contacting you prior to each trade to obtain your permission.

Our discretionary authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

You give us discretionary authority when you sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. You may also change/amend such limitations by once again



providing us with written instructions. Discretionary accounts and/or trades may be traded first, resulting in a difference in price and execution costs.

If you wish to hold a security against our advice in a discretionary account, we will view these separately, and we will not include their performance in reported performance reports. We may charge management fees on these assets. By granting investment discretion, our firm is authorized to hire/fire sub-advisers.

When you enter into a non-discretionary arrangement with us, we will obtain your approval prior to the execution of a trade.

## Item 17: Voting Client Securities

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Equita does not vote client securities. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

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

# Privacy Notice

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We recognize the importance of protecting our clients' privacy. We have policies to maintain the confidentiality and security of your nonpublic personal information. The following is designed to help you understand what information we collect from you and how we use that information to serve your account.

## **Categories of Information We May Collect**

In the normal course of business, we may collect the following types of information:

- Information you provide in the subscription documents and other forms (including name, address, social security number, date of birth, income and other financial-related information); and
- Data about your transactions with us (such as the types of investments you have made and your account status).

## **How We Use Your Information That We Collect**

Any and all nonpublic personal information that we receive with respect to our clients who are natural persons is not shared with nonaffiliated third parties which are not service providers to us without prior notice to, and consent of, such clients, unless otherwise required by law. In the normal course of business, we may disclose the kinds of nonpublic personal information listed above to nonaffiliated third-party service providers involved in servicing and administering products and services on our behalf. Our service providers include, but are not limited to, our administrator, our auditors and our legal advisor. Additionally, we may disclose such nonpublic personal information as required by law (such as to respond to a subpoena) or to satisfy a request from a regulator and/or to prevent fraud. Without limiting the foregoing, we may disclose nonpublic personal information about you to governmental entities and others in connection with meeting our obligations to prevent money laundering including, without limitation, the disclosure that may be required by the Uniting and Strengthening America Act by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 and the regulations promulgated thereunder. In addition, if we choose to dispose of our clients' nonpublic personal information that we are not legally bound to maintain, we will do so in a manner that reasonably protects such information from unauthorized access. The same privacy policy also applies to former clients who are natural persons.

## **Confidentiality and Security**

We restrict access to nonpublic personal information about our clients to those employees and agents who need to know that information to provide products and services to our clients. We maintain physical, electronic and procedural safeguards to protect our clients' nonpublic personal information. We respect and value that you have entrusted us with your private financial information, and we will work diligently to maintain that trust. We are committed to preserving that trust by respecting your privacy as provided herein.