

# CovingtonAlsina, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of CovingtonAlsina, LLC. If you have any questions about the contents of this brochure, please contact us at (410) 457-7165 or by email at: [info@covingtonalsina.com](mailto:info@covingtonalsina.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.*

*Additional information about CovingtonAlsina, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). CovingtonAlsina, LLC's CRD number is: 326810.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 12/18/2023

## Item 2: Material Changes

CovingtonAlsina, LLC has the following material changes to report. Material changes relate to CovingtonAlsina, LLC's policies, practices or conflicts of interests.

- The principal owner of CovingtonAlsina, LLC, Ann Covington Alsina, has changed her name to Ann M. Covington
- CovingtonAlsina, LLC provides periodic educational seminars and workshops to clients and the general public (Items 4 & 5).
- CovingtonAlsina, LLC has updated their Assets Under Management (Item 4.E).
- CovingtonAlsina, LLC has updated custody (Item 15)

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

CovingtonAlsina, LLC (hereinafter "CovingtonAlsina") is a Limited Liability Company organized in the State of Maryland. The firm was formed in February 2016, and the principal owner is Ann M. Covington.

### B. Types of Advisory Services

#### *Portfolio Management Services*

CovingtonAlsina offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CovingtonAlsina creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

CovingtonAlsina evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CovingtonAlsina will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

CovingtonAlsina seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of CovingtonAlsina's economic, investment or other financial interests. To meet its fiduciary obligations, CovingtonAlsina attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, CovingtonAlsina's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is CovingtonAlsina's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Selection of Other Advisers /Use of Independent Managers***

CovingtonAlsina may recommend that a Client utilize one or more unaffiliated investment managers or investment platforms (collectively “Independent Managers”) available through SEI Private Trust Company (“SEI”), CRD# 105146, for all or apportion of a Client’s investment portfolio, based on the Client’s needs and objectives. In such instances, the Client may be required to authorize and enter into an investment management agreement with an Independent Manager that defines the terms in which SEI and/or the Independent Manager will provide its services. The Advisor will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the strategy remains aligned with Clients investment objectives and overall best interests. The Advisor will also assist the Client in the development of the initial policy recommendations and managing the ongoing Client relationship. The Advisor will offer discretionary services and may assist in the selection of investment managers or investment platforms without the clients permission. The Client, prior to entering into an agreement with an Investment Manager or investment platform, will be provided with the Independent Manager's Form ADV 2A (or a brochure that makes the appropriate disclosures).

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### ***Ongoing Financial Coaching***

CovingtonAlsina may provide Ongoing Financial Coaching. Ongoing Financial Coaching includes an upfront financial plan and monthly scheduled calls.

### ***Educational Seminars/Workshops***

CovingtonAlsina provides periodic educational seminars and workshops to clients and the general public.

### ***Services Limited to Specific Types of Investments***

CovingtonAlsina generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds, digit assets, and private placements. CovingtonAlsina may use other securities as well to help diversify a portfolio when applicable.

## ***Written Acknowledgement of Fiduciary Status***

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. We also have a fiduciary duty under the Investment Advisers Act of 1940 with respect to all client 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.

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

CovingtonAlsina will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by CovingtonAlsina on behalf of the client. CovingtonAlsina may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CovingtonAlsina from properly servicing the client account, or if the restrictions would require CovingtonAlsina to deviate from its standard suite of services, CovingtonAlsina reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. CovingtonAlsina does not participate in wrap fee programs.

## **E. Assets Under Management**

CovingtonAlsina has the following assets under management:

| <b>Discretionary Amounts:</b> | <b>Non-discretionary Amounts:</b> | <b>Date Calculated:</b> |
|-------------------------------|-----------------------------------|-------------------------|
| \$ 127,413,207.00             | \$ 0.00                           | August 2023             |

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

### **A. Fee Schedule**

#### *Portfolio Management Fees*

| <b>Total Assets Under Management</b> | <b>Annual Fees</b> |
|--------------------------------------|--------------------|
| \$0 - \$99,999                       | 1.25%              |
| \$100,000 - \$999,999                | 1.00%              |
| \$1,000,000 - \$2,999,999            | 0.75%              |
| \$3,000,000 - \$4,999,999            | 0.35%              |
| \$5,000,000 - AND UP                 | 0.15%              |

CovingtonAlsina uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of CovingtonAlsina's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

#### *Selection of Other Advisers /Use of Independent Managers*

Clients will pay CovingtonAlsina its standard fee in addition to the standard fee for SEI Private Trust. The fees will not exceed any limit imposed by any regulatory agency. These fees are negotiable.

## ***Financial Planning Fees***

### **Fixed Fees**

The negotiated fixed rate for creating client financial plans is between \$500 and \$5,000.

### **Hourly Fees**

The negotiated hourly fee for these services is between \$150 and \$350.

Clients may terminate the agreement without penalty, for full refund of CovingtonAlsina's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### ***Ongoing Financial Coaching Fees***

The fixed upfront fee for the financial plan is \$750. The ongoing fee for Financial Coaching is \$150 per month.

Clients may terminate the agreement without penalty, for full refund of CovingtonAlsina's fees, within five business days of signing the Agreement. Thereafter, clients may terminate the Agreement generally upon written notice.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in arrears or advance.

### ***Payment of Selection of Other Advisers /Use of Independent Managers Fees***

Fees for selection of SEI Private Trust as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check or through a secure third party processor via ACH or credit card.

Fixed financial planning fees are paid 50-100% in advance, but never more than six months in advance, with the remainder due upon completion if not paid in full.



Hourly financial planning fees are paid in arrears upon completion.

### ***Payment of Ongoing Financial Coaching Fees***

Ongoing Financial Coaching fees are paid via check or through a secure third party processor via ACH or credit card.

The fee for the financial plan is paid 100% in advance, but never more than six months in advance. The ongoing fee is collected monthly in advance.

### ***Payment of Educational Seminar/Workshop Fees***

Educational seminars and workshops are offered for a fee of up to \$75 per session, payable in advance and non-refundable.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by CovingtonAlsina. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

CovingtonAlsina collects certain fees in advance and certain fees in arrears, as indicated above. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither CovingtonAlsina nor its supervised persons accept any compensation for the sale of 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

CovingtonAlsina does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

CovingtonAlsina generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum for any of CovingtonAlsina's services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

CovingtonAlsina's methods of analysis include Fundamental analysis and Modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### *Investment Strategies*

CovingtonAlsina uses long term trading and short term trading.

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

## **B. Material Risks Involved**

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Selection of Other Advisers:** Although CovingtonAlsina will seek to select only money managers who will invest clients' assets with the highest level of integrity, CovingtonAlsina's selection process cannot ensure that money managers will perform as desired and CovingtonAlsina will have no control over the day-to-day operations of any of its selected money managers. CovingtonAlsina would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

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

## C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily

volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

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

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and

delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Cryptocurrency** investing refers to trading in digital/virtual currencies, such as Bitcoin, that are not back by real assets or tangible securities and are more volatile than traditional currencies and financial assets. Digital currency is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Digital currency is not backed or supported by any government or central bank. Digital currency's price is completely derived by market forces of supply and demand, traded between consenting parties with no broker and tracked on digital ledgers commonly known as blockchains. Investing in digital currency comes with significant risk of loss that a client should be prepared to bear and, due to the nature of cryptocurrencies, clients are exposed to the risks normally associated with investing but also unique risks not typical of investing in traditional securities. These, include, but are not limited to, volatile market price swings or flash crashes, market manipulation, economic, regulatory, technical, and cybersecurity risks. Please also see below for additional description/properties:

- **Unregulated** – Digital currency markets and exchanges are not regulated with the same controls or customer protections available in fixed income, equity, option, futures, or foreign exchange investing.
- **Increased Price Volatility** – The price of cryptocurrency is constantly fluctuating. Trade or balance can surge or drop suddenly. Price can drop to zero.
- **Susceptible to Error/Hacking** – Technical glitches, human error and hacking can occur, which typically do not affect traditional securities to the same extent.

- Forks – This implies a splitting of the chain on which the cryptocurrency runs, which makes it go in a different direction, with different rules than the existing blockchain.
  - Soft Fork – only a protocol change; the cryptocurrency still continues to work on the original blockchain rules.
  - Hard Fork – a permanent divergence in the blockchain.

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

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither CovingtonAlsina nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither CovingtonAlsina nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.



### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Ann M. Covington is an independent licensed insurance agent. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of CovingtonAlsina are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. CovingtonAlsina addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. CovingtonAlsina periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. CovingtonAlsina will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by CovingtonAlsina's supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

Ann M. Covington owns CovingtonAlsina Tax Services, LLC, a tax preparation firm. From time to time, she may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. CovingtonAlsina always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any CovingtonAlsina representative in such individual's outside capacities.

John Lawrence Grant Jr is an independent licensed insurance agent. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of CovingtonAlsina are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. CovingtonAlsina addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. CovingtonAlsina periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. CovingtonAlsina will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or



service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by CovingtonAlsina's supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

CovingtonAlsina has discretion to choose third-party investment advisers to manage all or a portion of the client's assets. Clients will pay CovingtonAlsina its standard fee in addition to the standard fee for the advisers to which it directs those clients. The fees will not exceed any limit imposed by any regulatory agency. CovingtonAlsina will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. CovingtonAlsina will ensure that all recommended advisers are licensed or notice filed in the states in which CovingtonAlsina is recommending them to clients.

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

#### **A. Code of Ethics**

CovingtonAlsina has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. CovingtonAlsina's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

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

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of CovingtonAlsina may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of CovingtonAlsina to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the

recommendations they provide to clients. Such transactions may create a conflict of interest. CovingtonAlsina will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of CovingtonAlsina may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of CovingtonAlsina to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, CovingtonAlsina will never engage in trading that operates to the client's disadvantage if representatives of CovingtonAlsina buy or sell securities at or around the same time as clients.

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

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

Custodians/broker-dealers will be recommended based on CovingtonAlsina's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and CovingtonAlsina may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in CovingtonAlsina's research efforts. CovingtonAlsina will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

CovingtonAlsina will require clients to use SEI Private Trust.

#### **1. Research and Other Soft-Dollar Benefits**

While CovingtonAlsina has no formal soft dollars program in which soft dollars are used to pay for third party services, CovingtonAlsina may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). CovingtonAlsina may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and CovingtonAlsina does not seek to allocate

benefits to client accounts proportionate to any soft dollar credits generated by the accounts. CovingtonAlsina benefits by not having to produce or pay for the research, products or services, and CovingtonAlsina will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that CovingtonAlsina's acceptance of soft dollar benefits may result in higher commissions charged to the client.

## ***2. Brokerage for Client Referrals***

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

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

CovingtonAlsina will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

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

CovingtonAlsina does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for CovingtonAlsina's advisory services provided on an ongoing basis are reviewed at least annually by Ann M. Covington, Managing Member and Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at CovingtonAlsina are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Ann M. Covington, Managing Member and Chief Compliance Officer. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, CovingtonAlsina's services will generally conclude upon delivery of the financial plan.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of CovingtonAlsina's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Other than soft dollar benefits as described in Item 12 above, CovingtonAlsina does not receive any economic benefit, directly or indirectly from any third party for advice rendered to CovingtonAlsina's clients.

CovingtonAlsina has access to a variety of economic benefits, services, and products in connection with CovingtonAlsina's use of SEI's investment adviser platform. The terms and availability of these benefits vary among advisors on the SEI platform (including CovingtonAlsina) depending on the business conducted with SEI and other factors. These services generally help CovingtonAlsina conduct its advisory business, but each specific benefit does not necessarily benefit each client.

Beyond access to SEI investment products, these include conferences, seminars and other educational and networking activities, business entertainment, reimbursement of travel and attendance expenses, research and other investment support services (such as client proposal and other financial planning support), technical and operational solutions (including the SEI Wealth Platform), marketing assistance (including joint marketing designed to promote SEI investment products), compliance services, human resources consulting, risk management/insurance assistance, front office, middle office, back office and other administrative support (including providing clerical staff to assist in the completion of required paperwork), SEI attendance at client meetings, information technology services, continuity and succession planning, access to financing and banking

options, trust services, portfolio reporting, automatic rebalancing, tax loss harvesting, waiver or payment of certain fees (including paying account transfer fees or other charges that CovingtonAlsina or its clients would incur when changing service providers), vendor discounts, discount pricing on SEI services, and broader practice management consulting. These benefits may be provided via SEI, its affiliates, or third parties and may be made available to CovingtonAlsina at no fee, at a discounted fee, or via financial compensation provided by SEI. Some of these offerings depend on CovingtonAlsina conducting a minimum amount or type of current or expected future business with SEI or having a minimum account size or amount of assets under management with SEI or invested in SEI investment products. Certain of these services or products, including those provided by or paid for by SEI, may be used by CovingtonAlsina in connection with its general business activities, in addition to supporting CovingtonAlsina's interaction with SEI systems. The benefits, services, products, or payments discussed herein may be significant to CovingtonAlsina and create an incentive for the CovingtonAlsina to utilize SEI services or investment products for its customers rather than other service providers or investment products. However, CovingtonAlsina strives at all times to put the interests of its clients first, including when selecting custodians or investment products for clients. CovingtonAlsina is independently owned and operated; it is not affiliated with SEI.

#### **B. Compensation to Non - Advisory Personnel for Client Referrals**

Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. CovingtonAlsina will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-1 under the Advisers Act, where applicable.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, CovingtonAlsina will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

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

CovingtonAlsina provides discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, CovingtonAlsina generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, CovingtonAlsina's discretionary authority in making these determinations may be limited by conditions imposed by a client (in

investment guidelines or objectives, or client instructions otherwise provided to CovingtonAlsina.

## **Item 17: Voting Client Securities (Proxy Voting)**

CovingtonAlsina acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. CovingtonAlsina will vote proxies on behalf of a client solely in the best interest of the relevant client. CovingtonAlsina has established general guidelines for voting proxies. CovingtonAlsina may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, CovingtonAlsina may vote in a manner that is contrary to the general guidelines if it believes that it would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between CovingtonAlsina and a client, then CovingtonAlsina will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting CovingtonAlsina in writing and requesting such information. Each client may also request, by contacting CovingtonAlsina in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period. Clients can send written requests to the Chief Compliance Officer at [info@covingtonalsina.com](mailto:info@covingtonalsina.com).

## **Item 18: Financial Information**

### **A. Balance Sheet**

CovingtonAlsina neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither CovingtonAlsina nor its management has any financial condition that is likely to reasonably impair CovingtonAlsina's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

CovingtonAlsina has not been the subject of a bankruptcy petition in the last ten years.