

# **DBS Investment Advisers, LLC**

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**October 6, 2023**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of DBS Investment Advisers, LLC. If you have any questions about the contents of this brochure, contact us at 800-327-2377. 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 DBS Investment Advisers, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

DBS Investment Advisers, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes. If you have any questions, please contact our firm at 1.800.327.2377 and ask to speak with the Chief Compliance Officer.

Since the filing of our last annual updating amendment, dated March 13, 2023, we have amended this Brochure to disclose the following material changes:

1) Item 12 - Brokerage Practices has been updated and the disclosures in this item describing our Block Trading policies, which now reads as follows:

### *'Block Trades*

*Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.*

*We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm."*

2) Item 5 - Fees and Compensation has been updated describing the potential offsetting of fees for Portfolio Management Services in specific cases, which now reads as follows: "At our discretion, we may offset our Portfolio Management fees in cases where you have contracted us primarily for Financial Planning Services and are paying separately for those services. In any such cases, this arrangement will be outlined in your agreement before those services are rendered to you." This item has also been updated with a new fee range for Financial Planning Services, which is now "\$395 - \$5,000 depending on the scope of the engagement."

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## Item 4 Advisory Business

### Description of Services and Fees

DBS Investment Advisers, LLC is a registered investment adviser based in Bay City, MI. We are organized as a Limited Liability Company (LLC) under the laws of the State of Michigan. We have been providing investment advisory services since 2000. Theodore C. Schumann II is the owner of our firm. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning/Consulting Services**
- **Pension Consulting Services**

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Act Two Financial Advisors, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you according to your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio quarterly and/or according to changes in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

As part of our portfolio management services, we may use a sub-adviser to manage all or a portion of your account on a discretionary basis. The sub-adviser may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by sub-adviser, and may hire and fire any sub-adviser without your prior approval. We will pay a portion of our advisory fee to the sub-adviser we use; however, you will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

You must promptly notify our firm of any changes in your financial situation or investment objectives, or if you wish to impose any restrictions on our management services.

#### *Selection of Other Advisers*

We may recommend that you use the services of a third party money manager ("MM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The MM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire MM(s) and/or reallocate your assets to other MM(s) where we deem such action appropriate.

#### **Financial Planning/Consulting Services**

We offer financial planning and consulting services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Upon review and analysis of the information you provided to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

#### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services may be discretionary or non-discretionary according to the service agreement you sign with our firm. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as: Diversification; Asset allocation; Risk tolerance; Time horizon. Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

### **Wrap Fee Programs**

We do not sponsor nor participate in any wrap fee program.

### **Types of Investments**

We primarily offer advice on mutual funds and exchange traded funds. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* under *Item 8* for additional disclosures on this topic. Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

### **Assets Under Management**

As of December 31, 2022, we provide continuous management services for \$164,969,120 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Service Fees**

Our advisory fees are based on a percentage of your assets we manage and are set forth in the following fee schedules:

<b>Assets Under Management</b>	<b>Annualized Fee</b>
\$0 - \$999,999	1.25% (.3125% per quarter)

**Once the value of your managed assets reaches \$1,000,000, the fee will be calculated on the following schedule, which will include the first \$1,000,000 in assets:**

\$0 - \$1,000,000	1.00% (.2500% per quarter)
\$1,000,001 - \$2,500,000	0.90% (.2250% per quarter)
\$2,500,001 - \$5,000,000	0.80% (.2000% per quarter)
\$5,000,001 - \$10,000,000	0.70% (.1750% per quarter)
\$10,000,001 - \$20,000,000	0.60% (.1500% per quarter)
Over \$20,000,001	0.50% (.1250% per quarter)

Our annual fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter.

If the service agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis. This means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

In instances where we have selected a Sub-Advisor to assist us with managing the portfolio strategy determined by your investment objectives, the Sub-Advisor may charge a fee separate and in addition to our management fee. In all circumstances where an additional fee is imposed directly by a Sub-Advisor, the Sub-Advisor's fee and fee-paying arrangements will be disclosed.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

In instances where we have selected a Sub-Advisor to assist us with managing the portfolio strategy determined by your investment objectives, the Sub-Advisor may charge a fee separate and in addition to our management fee. In all circumstances where an additional fee is imposed directly by a Sub-Advisor, the Sub-Advisor's fee and fee-paying arrangements will be disclosed.

Our fees for portfolio management services will be deducted directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account, and you should review all statements for accuracy. If you have any questions about the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this Brochure.

You may terminate the Investment Advisory Agreement upon 7 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

We encourage you to review the statement(s) you receive from the qualified custodian. If you find any inconsistent information with the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this Brochure.

We offer a discounted fee schedule to members of the Michigan Dental Association (MDA). Clients who are also members of the MDA, will be charged fees in the same manner described above, but the annualized fees will be charged according to the following schedule:

<b>Assets Under Management</b>	<b>Annualized Fee</b>
\$0 - \$3,500,000	0.90% (0.225% per quarter)
\$3,500,001 - \$5,000,000	0.80% (0.200% per quarter)
\$5,000,001 - \$10,000,000	0.70% (0.175% per quarter)
\$10,000,001 - \$20,000,000	0.60% (0.150% per quarter)
Over \$20,000,001	0.50% (0.125% per quarter)

This annual fee is prorated for the initial quarter, and paid quarterly in advance based upon the balance at end of billing period of Client's account(s).

At our discretion, we may offset our Portfolio Management fees in cases where you have contracted us primarily for Financial Planning Services and are paying separately for those services. In any such cases, this arrangement will be outlined in your agreement before those services are rendered to you.



### **Selection of Other Advisers**

Depending upon the arrangement with a third party money manager (MM), advisory fees charged by MMs may be separate and apart from our advisory fees. Investment advisory assets managed by MMs will be included in calculating our advisory fee, which is based on the fee schedule set forth above under *Investment Advisory Services*. Advisory fees that you pay to the MM are established and payable in accordance with the brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. You should review the recommended MM's brochure and take into consideration the MM's fees along with our fees to determine the total amount of fees associated with this program.

You may be required to sign an agreement directly with the recommended MM(s). You may terminate your advisory relationship with the MM according to the terms of your agreement with the MM. You should review each MM's brochure for specific information on how you may terminate your advisory relationship with the MM and how you may receive a refund, if applicable. You should contact the MM directly for questions regarding your advisory agreement with the MM.

### **Pension Consulting Service Fees for Retirement Plans**

Our advisory fees Pension Consulting services are based on a percentage of plan assets we manage and are set forth in the following fee schedules:

#### **Plan Assets Under Management**

#### **Annualized Fee**

\$0 - \$999,999

1.25% (.3125% per quarter)

**Once the value of your managed assets reaches \$1,000,000, the fee will be calculated on the following schedule, which will include the first \$1,000,000 in assets:**

\$0 - \$1,000,000

1.00% (.2500% per quarter)

\$1,000,001 - \$2,500,000

0.90% (.2250% per quarter)

\$2,500,001 - \$5,000,000

0.80% (.2000% per quarter)

\$5,000,001 - \$10,000,000

0.70% (.1750% per quarter)

\$10,000,001 - \$20,000,000

0.60% (.1500% per quarter)

Over \$20,000,001

0.50% (.1250% per quarter)

Our annual fee is billed and payable quarterly based on the market value of the included Plan Assets on the last day of the previous quarter. The fees are payable either in advance or in arrears depending upon the arrangement with the custodial platform provider and/or the service agreement.

If the service agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis. This means that the advisory fee is payable in proportion to the number of days in the quarter for which the Plan Assets are managed. The initial fee will be valued and payable on the first business day of the fee period. Thereafter, the fee will be based upon the market value of the Plan Assets on the last business day of the previous fee period (without adjustment for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distributions of assets) and will be due the following business day.

Fees may be remitted directly from the Plan Assets or they may be billed directly to the Plan Fiduciary to be paid. We do not reasonably expect to receive any other compensation, direct or indirect, for our Retirement Plan Services. If we receive any other compensation besides the fees described



above, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to the Plan Fiduciary.

You may terminate the Retirement Plan Services Agreement upon 7 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Deduction of Advisory Fees**

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account, and you should review all statements for accuracy. If you have any questions about the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this Disclosure Brochure.

### **Financial Planning/Consulting Services**

We charge a fixed fee for financial planning services, which generally ranges between \$395 - \$5,000 depending on the scope of the engagement. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. We will not require prepayment of a fee more than six months in advance and in excess of \$500.

We also offer advice on single subject financial planning/general consulting services at an hourly fee of \$200. Financial planning fixed and hourly fees will be billed upon completion of the financial plan or services rendered. We will not require prepayment of a fee more than six months in advance and in excess of \$500. At our discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Portfolio Management Service.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

Any material conflicts of interest between you and our firm or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest, or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, high net worth individuals and pension and profit sharing plans.

In general, we require a minimum of \$250,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management.

We may charge a minimum fee in the amount of \$2,500 annually to maintain an advisory account. At our discretion we may waive the minimum fee.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

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

We will use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Modern Portfolio Theory (MPT)** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

We primarily recommend Mutual Funds, and Exchange Traded Funds. However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

**Mutual Funds and ETFs:** Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Arrangements with Affiliated Entities

Theodore C. Schumann II, President of our firm, is the owner and Chief Compliance Officer of Act Two Financial Advisors, LLC, a registered investment adviser affiliated with our firm through common control and ownership. Investment adviser representatives of our firm are also be registered with Act Two Financial Advisors, LLC. Our advisory services and compensation are separate and distinct from our affiliate's services and compensation.

Mr. Schumann is also the majority share owner of DBS Professional Practice Brokers, LLC, a licensed real estate brokerage firm that provides appraisal, transaction consultation and brokerage services to clients. DBS Professional Practice Brokers, LLC, may provide services to our firm's advisory clients for compensation. Therefore, we must make clients aware that a conflict of interest exists in such circumstances because we have a financial incentive to recommend the services of our affiliate, DBS Professional Practice Brokers, LLC, as a result of Mr. Schumann's common ownership interest. However, clients are under no obligation to use the services of these affiliated / related entities and may obtain comparable services and/or lower fees through other firms.

Our advisory services are separate and distinct from the compensation paid to our affiliate(s) for their services. These affiliated firms are otherwise regulated by the professional organizations to which they belong and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization. These referral arrangements we have with our affiliated entities present a conflict of interest because we may have a financial incentive to recommend our affiliates' services. While we believe that compensation charged by our affiliates is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms.

### Recommendation of Other Advisers

We may recommend that you use a third party money manager ("MM") based on your needs and suitability. The compensation arrangements with MMs present a conflict of interest because we have a financial incentive to recommend the services of one MM over another MM with whom we may have more favorable compensation arrangements. We have mitigated this conflict of interest by negotiating the same management fee payable to us with all MMs that we recommend. You are not obligated, contractually or otherwise, to use the services of any MM we recommend. We do not have any other business relationships with the recommended MM(s). Refer to the Advisory Business section above for additional disclosures on this topic.

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

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties

of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at the phone number listed on the cover of this Brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may recommend securities to you at the same time we purchase or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

### **The Custodian and Brokers We Use**

We do not maintain custody of your assets that we manage, although we may be 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 Fidelity Investments (Fidelity), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Fidelity. Fidelity will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Fidelity as custodian/broker, you will decide whether to do so and will open your account with Fidelity by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Fidelity, we can still use other brokers to execute trades for your account as described below.

### **How We Select Brokers/Custodians**

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:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (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 the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

### **Your Brokerage and Custody Costs**

For our clients' accounts that Fidelity maintains, Fidelity generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Fidelity account. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Fidelity charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Fidelity account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Fidelity execute most trades for your account.

We have determined that having Fidelity execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **Products and Services Available to Us from Fidelity**

Fidelity Advisor Services™ (formerly called Fidelity Institutional®) is Fidelity's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Fidelity retail customers. Fidelity also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Following is a more detailed description of Fidelity's support services:

**Services That Benefit You.** Fidelity's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Fidelity's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Fidelity also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Fidelity's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Fidelity. In addition to investment research, Fidelity also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### **Services That Generally Benefit Only Us.**

Fidelity also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

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

### **Our Interest in Fidelity's Services**

The availability of these services from Fidelity benefits us because we do not have to produce or purchase them. We don't have to pay for Fidelity's services so long as our clients collectively keep their assets in accounts at Fidelity. This may give us an incentive to recommend that you maintain your account with Fidelity, based on our interest in receiving Fidelity's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Fidelity as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Fidelity's services and not Fidelity's services that benefit only us. We do not believe that recommending our clients to collectively maintain assets at Fidelity in order to avoid paying Fidelity quarterly service fees presents a material conflict of interest.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. This practice may prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Research and Other Soft Dollar Benefits**

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Please see above for disclosures about the types of *benefits* we receive from Fidelity. We do not have any soft dollar arrangement nor pay for any of the benefits received from Fidelity with soft dollars.

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "aggregaed trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner,



typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

Theodore C. Schumann II, Chief Compliance Officer, or the Investment Adviser Representative assigned to your account will monitor your account(s) on an ongoing basis and will conduct account reviews at least quarterly, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

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

We do not receive any compensation from any third party in connection with providing investment advice. We may, however, compensate unaffiliated parties (not individuals) for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Fidelity or Plan Asset custodial service providers.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts may cause our firm to exercise "limited" custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization form.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular security or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## Item 17 Voting Client Securities

### Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder. 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 any electronic solicitation to vote proxies.

## Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## Item 20 Additional Information

### IRA Rollover Recommendations

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

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.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
2. Employer retirement plans generally have a more limited investment menu than IRAs.
3. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
4. Your current plan may have lower fees than our fees.

5. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
6. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
7. Our strategy may have higher risk than the option(s) provided to you in your plan.
8. Your current plan may also offer financial advice.
9. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond a certain age.
10. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
11. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
12. You may be able to take out a loan on your 401k, but not from an IRA.
13. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
14. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
15. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this Disclosure Brochure.

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, pension administrators and attorneys. We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact us at the phone number listed on the cover of this Brochure, if you have any questions regarding this policy.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you