



Form ADV Part 2A  
Firm Brochure  
October 27, 2023

This Brochure provides information about the qualifications and business practices of Essential Partners LLC. If you have any questions about the contents of this Brochure, please contact us at 213-878-0074, or via e-mail at

info@essentialp.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.

Essential Partners LLC is a registered investment advisory firm. Registration of an investment advisory firm does not imply a particular level of skill or training.

Additional information about Essential Partners LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2

# Material Changes

### Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of our Firm Brochure. This Item discusses only specific material changes made to this Brochure and provides our clients with a summary of such changes.

### Material Changes since the Last Update

Since our last filing on September 13, 2022, there were no material changes were made to the brochure.

### Full Brochure and Additional Information

Full Brochure and additional information about Essential Partners LLC are available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with us who are registered or are required to be registered as investment adviser representatives ("IAR"). All material conflicts of interests are disclosed in this brochure.

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## Advisory Business

### FIRM INFORMATION

Element Partners, LLC formed on July 4, 2021, is a registered investment advisory firm located in Pacific Palisades, CA. In January 2022, Element Partners, LLC officially changed to Essential Partners LLC ("Essential Partners," "we," "us," "our"), We have been a registered with the SEC since August 2022.

### Philosophy

- We are grateful to serve our client partners with a deeply personal commitment.
- We provide strategic financial consulting and comprehensive investment advisory.
- We own our firm and operate independently, which leads to objective advice, complete investment autonomy, and a global view of our client partners' financial position.
- We build investment portfolios from our foundational knowledge of businesses, economies, asset classes, and global financial markets.
- We seek to achieve global diversification among asset classes and economic environments while our network and domain expertise allows access to specialized investments.
- We believe unmodulated investor behavior and deficient tax planning has historically led to lower realized investor returns.
- We partner with leading companies to safeguard and report on our client partners' assets.
- We value simplicity and transparency in our interactions, investments, and fees.

### Investment Approach – Bespoke, Balance, Behavior

- We build personalized portfolios for our client partners based on their risk tolerance, values, income needs, and investment goals.
- We develop specialized investment strategies for various pools of capital such as cash management for large institutions.
- We design asset allocation to build global portfolios that are diversified among asset classes (equities, fixed income, etc.) and economic environments (rising/falling growth, rising/falling inflation) with the understanding that the future is uncertain.
- We believe unmodulated investor behavior has historically led to lower realized investor returns.
- We utilize active and passive investment strategies and avoid all-or-nothing approaches, given the historic cyclical performance between the two.
- We maintain a personal network of external investors that allow us to identify, scrutinize and access specialized investments.
- We periodically rebalance portfolios, make tactical shifts, and pursue tax mitigation strategies.

### Firm Values

1. Client Partnership – We are grateful to serve our client partners with a deeply personal commitment to earn and sustain their trust.
2. Transparency – We value transparency, integrity, and honesty.

3. Continuous Improvement – We prioritize intellectual honesty and truthful feedback to adapt, improve and increase learning velocity.
4. Teamwork – We respect and trust our client partners, team members, and outside business relationships to engender teamwork.
5. Personal Discipline – We prioritize thoughtful, focused, and persistent effort.
6. Positive Morale – We have an optimistic and positive attitude.

## PRINCIPAL OWNERS

Essential Partners is owned and controlled by Nick Bartolo, its Managing Member, and Chief Compliance Officer.

## INVESTMENT ADVISORY SERVICES

### **Asset Management Services:**

We provide asset management services in which we manage your custodial accounts and provide you with continuous and ongoing supervision of your custodial accounts. Our services provide additional investment opportunities among stocks, bonds, mutual funds, exchange-traded funds (ETFs), Real Estate Investment Trusts (REITs), options, and additional securities.

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

We provide various financial planning and consulting services that find ways to help you understand your overall financial situation and help you set financial objectives. We accomplish this by helping you review your financial goals, tax planning strategies, asset allocation, risk management, retirement planning, and other areas and objectives such as budgeting, education planning, cash flow planning, charitable planning, lines of credit analysis, insurance analysis, business financial planning, mortgage/debt analysis, and real estate analysis. Generally, such financial planning and consulting services will involve preparing a financial plan or rendering a financial consultation based on your financial goals and objectives. We will summarize our services to you in a written plan, which will typically include general recommendations for a course of action or specific actions to be taken by you. Implementation of the recommendations will be at your discretion. We provide our financial planning and consulting services on a project basis or as an ongoing, comprehensive annual plan. Essential Partners will not receive commissions from the sale of insurance or real estate nor will receive fees or other compensation from the sale of securities or other products or services recommended in the financial plan or otherwise has a conflict of interest. The client is under no obligation to act on the investment adviser's or associated person's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser or the associated person when such person is employed as an agent with a licensed broker-dealer or is licensed as a broker-dealer or through any associate or affiliate of such person.

## TAILORED INVESTMENT ADVISORY SERVICES AND RESTRICTIONS

Essential Partners offers the same suite of services to all our clients; however, specific recommendations and their implementation are dependent upon the individual client's current financial situation, such as income, net worth, and risk tolerance levels.

Our clients may impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs. We may request additional information and documentation, such as current investments, tax returns, insurance policies, and estate plan. We will discuss your investment objectives, needs, and goals, but you must inform us of any changes. Unless directed by you, we do not independently verify any information provided to us by you or your attorney, accountant, or other professionals.

## WRAP FEE PROGRAMS

Essential Partners does not participate in, recommend, or offer wrap fee programs.

## ASSETS UNDER MANAGEMENT

As of December 31, 2022, Essential Partners manages \$408,406,000.

### ITEM 5

## Fees and Compensation

### ANNUAL FEES FOR ADVISORY SERVICES

Essential Partners is compensated for providing asset management services by charging a fee based on the total assets under management. The fees and billing will be pre-determined in writing in the Investment Advisory Agreement executed by you and Essential Partners.

The fees charged for financial planning services consider the complexity of the process undertaken, the types of issues addressed, the scope of services provided, and the frequency with which the services are rendered. All fees are agreed upon before entering into the Financial Planning and Consulting Agreement you sign.

The below ranges are general fee ranges that are typically charged.

#### Asset Management Fee Schedule

All Assets	0.75% - 1.25%
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#### Financial Planning and Consulting Fee Schedule

Fixed Fee	\$20,000 - \$300,000
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### FEE BILLING & PAYMENT

Our asset management fees are annual fees. Asset management fees are paid either monthly or quarterly in arrears. The payments are due on the first day of the calendar month and are based on the account's average daily balance of the prior calendar month or quarter multiplied by the applicable annual rate. We will deduct our asset management fee only when in receipt of your written authorization by executing an investment advisory agreement permitting the fees to be paid directly from your account. The qualified custodian will deliver an account statement to you at least quarterly, which will show all disbursements from your account. We urge you to review all statements for accuracy. Your account at the custodian may also be charged for certain additional assets managed for you by us but not held by the custodian (i.e., 401(k)s, 529s, private funds, etc.).

Financial planning and consulting fees may be assessed on a one-time project fee or as an annual fee payable either monthly or quarterly. For one-time projects, the Client agrees to pay one-half of the total fee upon signing the Financial Planning and Consulting Agreement and the remaining fee upon delivery of the plan. For ongoing annual planning, the Client agrees to pay a one-time initial planning fee in addition to an annual fee paid out either monthly or quarterly, arrears. We will not require a fee of \$500 or more to be paid six months or more in advance. Financial planning and consulting fees are paid via check or by direct invoicing via an electronic payment processor.

You are responsible for all third-party fees (i.e., custodian fees, mutual fund fees, transaction fees, etc.). These fees are separate and distinct from the fees and expenses charged by Essential Partners.

## TERMINATION OF AGREEMENT

Either party may terminate the agreement by providing 30-day advance written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable up to and including the effective date of termination.

Notwithstanding the above, if we do not deliver the appropriate disclosure statement to you at least 48 hours prior to you entering into any written or oral advisory contract with us, then you have the right to terminate the contract without penalty within five (5) business days after entering into the contract.

## OTHER EXPENSES AND FEES

The fees discussed above include payment solely for the investment advisory services provided by us and are separate from certain fees or charges that are imposed by third parties in connection with investments made on your behalf for your account. Third-party fees may include markdowns, markups, brokerage commissions, other transaction costs, and/or custodial fees.

All fees paid to us for asset management services are separate from the expenses charged by exchange-traded funds and mutual funds to their shareholders. These fees and expenses will be used to pay management fees for the funds, other fund expenses, account administration, and a possible distribution fee. Exchanged traded funds and mutual funds can be invested in directly by you without our services. However, you would not receive our services to assist you in determining which products or services are most suitable for your financial situation and objectives. You should review both the fees we charge and the fees charged by the fund(s) to understand the total fees to be paid fully.

Please refer to Item 12 of this brochure for a more detailed explanation of brokerage practices.

## OTHER COMPENSATION

Neither Essential Partners nor its supervised persons accepts compensation for the sale of securities.

### ITEM 6

## Performance-Based Fees and Side-By-Side Management

We do not charge any performance-based fees, which are fees based on a share of capital gains on or capital appreciation of your assets.

### ITEM 7

## Types of Clients

We provide our investment advisory, financial consulting and risk management services to:

- Individuals
- Business Entities
- Trusts
- Estates
- Charitable Organizations

We do not have a minimum account size for our asset management services.

## ITEM 8

# Methods of Analysis, Investment Strategies, and Risk of Loss

## METHODS OF ANALYSIS & INVESTMENT STRATEGIES

When formulating investment advice or managing client assets, we will use the following methods of analysis and investment strategies. There are inherent risks associated with each of these strategies. Further, the first step is to understand our client partners. We do this through our financial forecasting, planning and consulting process to understand their objectives, financial position, values, liquidity, risk profile, behavioral tendencies and concerns.

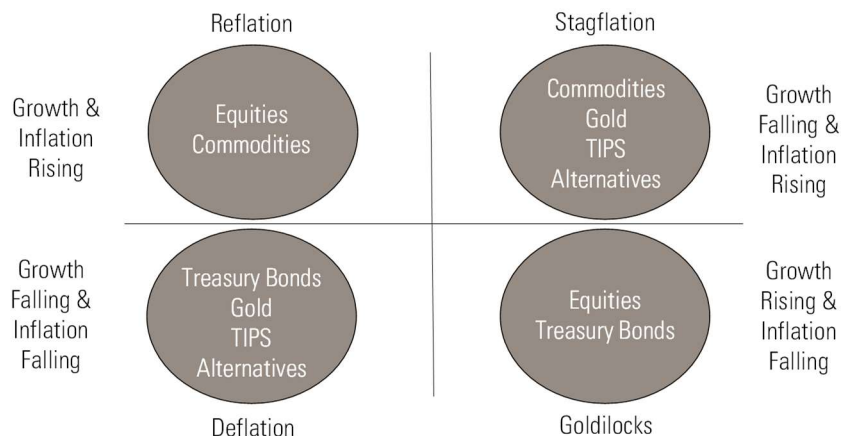
**Asset Allocation** – Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance, and investment horizon. The main asset classes—equities, fixed-income, inflation indexed fixed income, real assets, and cash and equivalents—have different levels of risk and return, so each will behave differently over time.

Further, different asset classes perform well in various economic environments and as a foundational framework, Essential Partners builds from an asset allocation we consider balanced to the Core Four Economic Environments. These environments are based on the four iterations of economic growth and inflation rising and falling.

The following graphic provides a visual depiction of the Core Four Economic Environments and which asset classes typically perform well in each environment.



## ASSET ALLOCATION FOUNDATIONAL PHILOSOPHY



Consider a simple micro example as it relates to equities/stocks: Sales growth is improving at a faster rate than the business owner anticipated while costs are growing slower vs. expectations. These changes would certainly be positive for the overall business cash flow and resultant value of the business.

If we apply this example over an entire economy and stock market, this would be a highly favorable environment. This is known as “Goldilocks” after the old fable and passage, “not too hot, not too cold” as growth is improving but is not strong enough to lead to inflation that could dent profits.

Now consider the reverse. A surprising slowing of sales growth while costs are increasing more than expected. It’s obvious that this would be negative for the cash flows and value of that business. This environment is commonly known as “Stagflation,” which is bad for stocks. In this environment, US Treasury Inflation Protected Securities (TIPS) typically perform better than stocks as the value of the bond is adjusted for inflation. Further, since growth expectations are falling, changes in nominal interest rates are primarily due to inflation, which are protected with TIPS. Real Assets, including commodities such as oil, industrial metals and agriculture typically perform well as they are the underlying source of the rising costs.

While Stagflation is bad for stocks, the worst environment is “Deflation,” typically characterized by growth expectations that are falling so rapidly that they pull inflation expectations down as well. Deflation has historically been the worst performing environment for stocks and the best for US Treasury bonds, gold and cash.

**Fundamental Analysis** – We evaluate economic and financial factors to determine if a security may be underpriced, overpriced, or fairly priced. This method entails assessing a security by attempting to determine its intrinsic value by examining related financial, economic, and other qualitative and quantitative factors. Fundamental analysis requires an in-depth look at all factors that can affect the security's value, from macroeconomic factors (like the overall economy and industry conditions) to individually specific factors (like the financial situation and management of companies). The overall objective of performing the fundamental analysis is to determine a value that an investor can use to determine what sort of position to take with that security. This method of security analysis is contrary to technical analysis. Fundamental analysis involves using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

**Long-Term Strategy** - A long-term strategy may not take advantage of short-term gains or may experience more volatility over the life of the portfolio.

Your accounts are managed separately with your underlying investment strategies, restrictions, or investment limitations defined within the investment management agreement.

## POTENTIAL RISKS

Investing involves different levels of risk that can result in loss of any profits and/or principal you have not realized. We manage your account in a manner consistent with your pre-determined risk tolerance and suitability profile. However, we cannot guarantee that our efforts will be successful. Investing in securities involves the risk of loss clients should be prepared to bear.

**Investing involves the assumption of risk, including:**

**Financial Risk:** which is the risk that the companies we recommend to you perform poorly, which affect the price of your investment.

**Market Risk:** which is the risk that the stock market will decline, decreasing the value of the securities we recommend to you with it.

**Inflation Risk:** which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.

**Political and Governmental Risk:** which is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

**Interest Rate Risk:** which is the risk that the value of the investments we recommend to you will fall if interest rates rise.

**Call Risk:** which is the risk that your investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.

**Default Risk:** which is the risk that the issuer is unable to pay the contractual interest or principal on the investment promptly or at all.

**Manager Risk:** which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.

**Industry Risk:** which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.

**ITEM 9**

## Disciplinary Information

As of the date of this brochure, we have not been subject to any disciplinary, legal, or regulatory events related to past or present investment clients. There has been no disciplinary, legal, or regulatory events related to us or any of our management persons.

**ITEM 10**

## Other Financial Activities and Affiliations

### FINANCIAL INDUSTRY ACTIVITIES

Neither Essential Partners nor its management persons are registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Essential Partners nor its management persons are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.

Nick Bartolo is a Managing Member of Rational Capital, LLC, an early stage venture capital partnership.

### SELECTION OF OTHER INVESTMENT ADVISERS

We do not recommend or select other investment advisers for our clients.

**ITEM 11**

## Code of Ethics, Participation in Client Transactions and Personal Trading

### CODE OF ETHICS

Essential Partners has developed a code of ethics that will apply to all of our supervised persons. We and our IARs must act in a fiduciary capacity when providing investment advisory services to you. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Essential Partners has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of our code of ethics, which also covers our insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand, and agree to comply with our Code of Ethics.

Our Code of Ethics is available to clients and prospective clients upon request.

### RECOMMENDATIONS INVOLVING A MATERIAL FINANCIAL INTEREST

Neither we nor any related person recommend to clients or buys or sells for clients' accounts securities in which we or a related person has a material financial interest.

### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

There may be instances where an IAR will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which an IAR, its affiliates, or other clients may also have a position or interest. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated

basis. Generally, in such circumstances, the affiliated and client accounts will share execution costs equally. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained in the trade order.

## PERSONAL TRADING

Employees are permitted to have personal securities accounts as long as personal investing practices are in line with fiduciary standards and regulatory requirements and do not conflict with their duty to Essential Partners and our clients. Essential Partners monitors and controls personal trading through pre-approval of all personal securities transactions or blackout periods imposed upon employees trading in the same securities as Essential Partners. We forbid any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or communicate such information to others in violation of the law.

## ITEM 12 Brokerage Practices

Essential Partners currently has arrangements with Charles Schwab & Co. ("Schwab"), the unaffiliated, qualified custodian, whereby Essential Partners would suggest you custody your accounts. Schwab is an independent SEC-registered broker-dealer and a member of FINRA and SIPC.

As a fiduciary, we are obligated to seek out the best execution of client transactions for accounts that we manage. In general, the execution of securities transactions is at a total cost to process each transaction and are the most favorable under the circumstances. However, we do not limit the best execution to the lowest available price. Additional factors are taken into consideration when determining the arrangement and services in the selection of a broker-dealer or qualified custodian. Our review consists of reviewing the commission and fee structures of various broker-dealers, research platforms, and execution services. Accordingly, while we consider competitive rates, we do not necessarily obtain the lowest possible commission rates for account transactions. Therefore, the overall services provided by unaffiliated broker-dealers and qualified custodians are evaluated to determine the best execution. You may pay trade execution charges and higher commissions through the trading platforms approved by us than through platforms that have not been approved by us.

## RESEARCH AND OTHER BENEFITS

### Products & Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like ours. 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 Schwab retail customers. Schwab 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. Schwab's support services are generally available on an unsolicited basis and at no charge to us as long as we maintain a total of at least \$10 million of our clients' assets in accounts at Schwab.

### Services that Benefit Client

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

### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

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

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

### **BROKERAGE FOR CLIENT REFERRALS**

We do not receive client referrals from broker-dealers.

### **DIRECTED BROKERAGE**

We do not recommend, request, require, or permit clients to direct us to executed transactions through a specific broker-dealer other than those we recommend.

### **TRADE AGGREGATION**

We attempt to allocate trade executions in the most equitable manner possible, taking into consideration current asset allocation and availability of funds using price averaging, proration, and consistently non-arbitrary methods of allocation. We may aggregate orders in order to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among our clients' differences in prices and commission

or other transaction costs. In aggregated orders, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

## ITEM 13 Review of Accounts

### PERIODIC REVIEWS

We review asset management accounts no less than annually. These accounts will be reviewed by Nick Bartolo. Accounts are reviewed to evaluate asset allocation, investment strategy and objectives, cash balance, and performance, as well as the general economic outlook and current investment trends.

Financial plans created utilizing our ongoing financial planning services will be reviewed quarterly by Nick Bartolo, CCO. Project-based financial planning clients are provided a one-time plan or consulting session and receive no additional reviews unless a new financial planning and consulting agreement is executed.

### REVIEW TRIGGERS

We conduct periodic reviews to evaluate the current market, economic and political events and how these may affect client accounts. Additional reviews may be triggered by these events or by events in the client's financial or personal status.

### REGULAR REPORTS

Asset management clients will receive advisory account reports no less than quarterly. These reports show asset value by cash balances, security, unit cost, total cost, current per share values, etc. Clients are urged to review the quarterly reports provided by us with those provided by their custodian and notify us of any differences. Clients are encouraged to phone or e-mail us as often as they deem necessary to receive information regarding the investment tactics and strategies being followed.

Financial plans created utilizing our ongoing financial planning services will receive status updates and/or reports during their plan reviews. Project-based financial planning and consulting clients are provided a one-time written financial plan concerning their financial situation. After the presentation of the plan, there are no further reports.

## ITEM 14 Client Referrals and Other Compensation

We may occasionally pay a referral fee to third-party solicitors. However, no fee is paid unless we have a signed and executed solicitor agreement. You must sign a disclosure form that contains the details of the referral agreement. Our fiduciary duties still apply to referral relationships, and we must put the interest of our clients first and see the best execution of securities transactions on behalf of our clients.

## ITEM 15 Custody

We are deemed to have custody of client funds and securities due to our ability to deduct management fees from clients' accounts. We will not take physical custody of clients' funds and will not assign or transfer trading authorization to another advisor. Clients will receive account statements from the qualified custodian(s) holding their funds and securities at least quarterly. The custodian's account statements will indicate the amount of our advisory fees deducted from the clients' account(s) each billing period. These

statements should be carefully reviewed by the client for accuracy. Item 5 – Fees and Compensation has additional information regarding our ability to deduct management fees from clients' accounts.

## ITEM 16 Investment Discretion

### DISCRETIONARY AUTHORITY FOR TRADING

If you are participating in our asset management services, upon receiving your written authorization via our executed investment advisory agreement, we will maintain trading authorization over your designated account and may also implement trades on a discretionary basis.

When discretionary authority is granted, we will have the limited authority to determine the type of securities to be purchased, sold, or exchanged and a number of securities that can be bought, sold, or exchanged for your portfolio without obtaining your consent for each transaction.

If you do not grant this limited investment discretion, your IAR will be required to contact you and get affirmation regarding our investment recommendations, such as the security being recommended, the number of shares, and whether the security should be bought or sold before implementing changes in your account.

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, it is critical that you respond promptly. If we do not receive a response to our request immediately, the timing of trade implementation can lead to an adverse impact where we cannot achieve the optimal trading price.

On a case-by-case basis, you can place reasonable restrictions on the types of investments that can be purchased or sold in your account so long as the restrictions are explicitly set forth or included as an attachment to the investment advisory agreement.

## ITEM 17 Voting Client Securities

We do not have the authority to vote proxies as it pertains to the issuers of securities held in your account. The responsibility for voting your securities places increased liability to us and does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting your securities.

Therefore, you are responsible for voting all proxies for securities held in accounts managed by us. Typically, our qualified custodian will forward you your proxy information. Although we do not vote your proxies, you can contact us if you have a question about a particular proxy.

## ITEM 18 Financial Information

We are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

We are currently not in, nor have been historically in a financially precarious situation or the subject of a bankruptcy petition.