

Item 1

Cover Page

# JMG Financial Group, Ltd.

SEC File Number: 801 – 23526

# JMG Financial Group, Ltd.

Brochure

Dated 3/19/2025

Principal Office Location

Contact: Adam C. Boyer, Chief Compliance Officer

2001 Butterfield Road, Suite 1400

Downers Grove, Illinois 60515

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

**This brochure provides information about the qualifications and business practices of JMG Financial Group, Ltd. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (630) 571-5252 or [Adam.Boyer@jmgfin.com](mailto:Adam.Boyer@jmgfin.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about JMG Financial Group, Ltd. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to JMG Financial Group, Ltd. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There were no material changes made in this annual amendment, dated March 19, 2025.

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## Item 4            **Advisory Business**

- A. JMG Financial Group, Ltd. (the “Registrant”) is a corporation formed on March 20, 1984 in the State of Delaware. The Registrant became registered as an Investment Adviser Firm in February 1985. Anthony D. Cecchini is the Registrant’s Chief Executive Officer.
- B. As discussed below, the Registrant offers to its clients (individuals, trusts, pension and profit sharing plans, business entities, charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial advisory and related consulting services, investment consulting services, and retirement consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management, is negotiable, and varies upon the scope of and type of services to be provided as follows:

#### **Non-Sub-Advised and Sub-Advised Portfolios (*exclusive of sub-advisors fees*)\***

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$2,000,000	1.000%
Next \$2,000,000	0.750%
Next \$2,000,000	0.600%
Next \$14,000,000	0.500%
Over \$20,000,000	0.350%

\*PLEASE NOTE: Generally, the above fee schedule is for new clients that engage Registrant subsequent to December 31, 2017 or for existing financial advisory clients that have not previously engaged Registrant to provide investment advisory services. The fee schedule does not apply to existing investment advisory clients of Registrant (see Grandfathered Fee Schedules disclosure below), nor does the fee schedule apply to Registrant’s other advisory services including financial advisory and consulting services, or services provided under the Schwab Advisor Network<sup>®</sup> fee schedule documented below. Rather, as discussed below, such services are available on a stand-alone, separate fee basis, per the terms and conditions of a separate written agreement. In addition, many clients have and will continue to be grandfathered under fee schedules that preceded the client’s engagement of Registrant. Registrant has grown, and expects to continue to grow, by acquisition of other advisory firms. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from the above fee schedule. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Registrant’s acquisition. As a result, Registrant’s clients could be subject to various different fee schedules and/or arrangements, including those that may be higher or lower than Registrant’s fee schedule set forth above. Annual advisory fees applicable to a client engagement are detailed in the Advisory Agreement executed between Registrant and the client. Clients engaged under grandfathered fee schedules are advised to consult their Advisory Agreement, which may be provided on request, for more information on the fees applicable to their account.

Non-Sub-Advised portfolios (direct management by Registrant), Sub-Advised Fixed Income portfolios, and Sub-Advised Equity portfolios are aggregated when applying the fee percentages described above.

A separate sub-advisor fee, in addition to Registrant's fee, will be charged for Sub-Advised Fixed Income portfolios and Sub-Advised Equity portfolios. Unless otherwise specifically indicated to the contrary, the annual fee charged by the designated sub-advisor (generally ranging between 0.090% and 0.750% depending upon the type of management services required and the market value of the assets to be managed), is **exclusive** of, and in addition to, Registrant's investment advisory fee.

***Alternative Investments (exclusive of charges imposed by the alternative investment, for example management fees)***

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Less than \$10,000,000	1.000%
At least \$10,000,000	0.900%

Although Registrant requires a minimum account size of \$1,000,000 when Registrant is providing only investment advisory services to a client, Registrant may accept an amount less than the minimum. Registrant, in its sole discretion, may reduce its account minimum. Registrant may group related client accounts for the purpose of achieving the minimum account size requirement. Registrant's investment advisory fee is negotiable, therefore, Registrant may charge a lesser investment advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

**Grandfathered Fee Schedules.** Registrant's investment advisory fee schedule may be amended from time to time. Many clients have been, and will continue to be, grandfathered under fee schedules that preceded an amended fee schedule. In addition, many clients have and will continue to be grandfathered under fee schedules that preceded the client's engagement of Registrant. Registrant has grown, and expects to continue to grow, by acquisition of other advisory firms. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from the fee schedules set forth in Item 4 and Item 5. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Registrant's acquisition. As a result, Registrant's clients could be subject to different investment advisory fee schedules than those set forth in Item 4 and Item 5, including those that may be higher or lower than Registrant's fee schedule. Annual advisory fees applicable to a client engagement are detailed in the Advisory Agreement executed between Registrant and the client. Clients engaged under grandfathered fee schedules are advised to consult their Advisory Agreement, which may be provided on request, for more information on the fees applicable to their account.

**FINANCIAL ADVISORY AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant *may* determine to provide financial advisory and related consulting services (including investment consulting services, retirement planning, cash flow planning, estate consulting services (not involving legal or accounting advice/services), and budget analysis and review, etc.) on a stand-alone separate fee basis. Registrant's financial advisory and consulting fees are negotiable, but generally range from \$10,000 to \$50,000 on a fixed fee basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). In very limited instances and/or unique circumstances (to be determined in the sole discretion of the Registrant), Registrant's financial advisory and consulting fees may be based on an hourly rate, ranging from \$100 to \$600, depending on the level and scope of the service(s) required and the professional(s) rendering the service(s). Long term clients of Registrant may continue to be grandfathered under financial advisory fee schedules which fall outside

the general fee range described above. Prior to engaging the Registrant to provide financial advisory or consulting services, clients are generally required to enter into an *Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. Certain professionals recommended by Registrant are clients of the Registrant. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant, in writing, if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

### ***Combined Investment Advisory and Financial Advisory Services***

Generally, this fee arrangement is unique to long term clients of Registrant that continue to be grandfathered. Under this fee arrangement, the client can determine to engage the Registrant to provide discretionary investment advisory services and financial advisory and consulting services (including investment consulting services, retirement planning, cash flow planning, estate consulting services (not involving legal or accounting advice/services), and budget analysis and review, etc.) and pay a combined fee for both services. The Registrant's annual combined investment advisory and financial advisory fee is based upon a percentage (%) of the market value of the assets set forth on the exhibit to the *Advisory Agreement* and generally ranges between 0.30% and 1.00%.

Alternatively, Registrant's annual combined investment advisory and financial advisory fee may be a fixed fee.

The Registrant's annual combined investment advisory and financial advisory fee is negotiable and generally subject to a minimum annual fee of \$20,000. To the extent assets are directed to a sub-advisor, a separate fee (as described below), in addition to the combined fee, will be charged to the client for the services of the sub-advisor.

In addition, many clients have and will continue to be grandfathered under fee schedules that preceded the client's engagement of Registrant. Registrant has grown, and expects to continue to grow, by acquisition of other advisory firms. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from the fee schedules set forth in Item 4 and Item 5. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Registrant's acquisition. As a result, Registrant's clients could be subject to various different fee schedules and/or arrangements, including, but not limited to, a combined investment advisory and financial advisory fee based upon a percentage (%) of the market value of the assets placed under Registrant's management, which may be higher or lower than Registrant's fee schedules set forth in Item 4 and Item 5. Annual advisory fees applicable to a client engagement are detailed in the *Advisory Agreement* executed between Registrant and the client. Clients engaged under grandfathered fee schedules are advised to consult their *Advisory Agreement*, which may be provided on request, for more information on the fees applicable to their account.

## RETIREMENT CONSULTING SERVICES

The Registrant also provides non-discretionary pension consulting services, pursuant to which it assists plan sponsors of trustee and participant directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds). Plan participants shall choose the investments for their individual retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in the *Investment Consulting Services Agreement* between the Registrant and the plan sponsor.

The Registrant's annual consulting fixed fee arrangements are negotiable depending on the time and complexity of the engagement. The Registrant's annual consulting fees based upon a percentage of the market value of the plan's assets are negotiable and generally range between 0.35% and 1.00% of the market value of the plan's assets. Generally, Registrant's annual consulting fee shall be calculated and paid quarterly, in advance. Consulting fees based on a percentage of the market value of the plan's assets are based upon the market value of the plan's assets on the last day of the previous quarter.

### **SCHWAB ADVISOR NETWORK<sup>®</sup> (Combined Services)**

Registrant receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Registrant's participation in the Schwab Advisor Network<sup>®</sup> ("the Service"). See a description of the Service in Item 12 and Item 14 below.

Registrant provides clients referred through the Service discretionary investment advisory services and financial advisory and consulting services (including investment consulting services, retirement planning, cash flow planning, estate consulting services (not involving legal or accounting advice/services), and budget analysis and review, etc.) for a combined fee for both services. The Registrant's annual combined investment advisory and financial advisory fee is based upon a percentage (%) of the market value of the assets placed under Registrant's management, is negotiable, and varies upon the scope of and type of services to be provided as follows:

### **Non-Sub-Advised and Sub-Advised Portfolios (*exclusive of sub-advisors fees*)**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$4,000,000	1.000%
Next \$2,000,000	0.750%
Next \$14,000,000	0.500%
Over \$20,000,000	0.350%

Non-Sub-Advised portfolios (direct management by Registrant), Sub-Advised Fixed Income portfolios, and Sub-Advised Equity portfolios are aggregated when applying the fee percentages described above.

To the extent assets are directed to a sub-advisor, a separate fee (as described below), in addition to the combined fee, will be charged to the client for the services of the sub-advisor.

**Alternative Investments (exclusive of charges imposed by the alternative investment, for example management fees)**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Less than \$10,000,000	1.000%
At least \$10,000,000	0.900%

Registrant requires a minimum account size of \$500,000 for clients referred through Registrant's participation in the Service. For clients referred through the Service with an account size greater than \$4 million, generally, Registrant will provide income tax preparation services for no additional fee. Registrant may charge an additional fee for providing income tax preparation services to clients with an account size less than \$4 million.

**Commencement of Registrant Compensation.** Registrant's financial advisory and consulting services shall commence on the date that the client and the Registrant have executed an Advisory Agreement. The Registrant's annual advisory fee shall commence on the date that Schwab has transitioned the client's investment assets to an account(s) to be managed by the Registrant, regardless of the date on which the Registrant and the client confirm the investment objective(s) for the account(s), which will generally be a date subsequent to the execution of the Advisory Agreement.

#### **TAX CONSULTING AND PREPARATION SERVICES**

To the extent specifically requested by a client, the Registrant may determine to provide its clients with tax consulting and preparation services, on either a mutually agreed upon fixed fee or hourly rate basis.

#### **MISCELLANEOUS**

**Financial Advisory and Related Consulting - Implementation.** To the extent requested by the client, the Registrant *may* determine to provide financial advisory and related consulting services (including investment consulting services, retirement planning, cash flow planning, estate consulting services (not involving legal or accounting advice/services), and budget analysis and review, etc.). Neither the Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain implementation purposes (i.e., attorneys, accountants, licensed insurance agents, mortgage brokers, etc.), including professionals that are clients of the Registrant as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant, in writing, if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Please Note: Non-Discretionary Service.** Registrant primarily provides investment management services on a discretionary basis. In very limited instances, Registrant may provide these same investment services on a non-discretionary basis. Any such client for whom the Registrant agrees to provide non-discretionary investment management services **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior oral consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's oral consent.**

**Sub-Advisory Arrangements.** The Registrant may engage sub-advisors for the purpose of assisting the Registrant with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by the Registrant. Unless otherwise specifically indicated to the contrary, the annual fee charged by the designated sub-advisor (generally ranging between 0.090% and 0.750% depending upon the type of management services required and the market value of the assets to be managed), is **exclusive** of, and in addition to, Registrant's investment advisory fee. Factors which Registrant shall consider in engaging sub-advisors include the client's stated investment objective(s), and the sub-advisor's management style, performance, reputation, financial strength, reporting, pricing, and research. **The Registrant's Chief Compliance Officer, Adam C. Boyer, remains available to address any questions concerning the Registrant's sub-advisory arrangements.**

**Pontera Solutions Inc. ("Pontera").** Registrant engaged Pontera, a third party platform provider, to facilitate the management of held away assets such as defined contribution plan participant accounts, with discretion. Those clients who choose to engage Registrant to service their held away accounts will be provided a link to connect their outside accounts to the platform. Once the client's account is connected to the platform, Registrant will review the client's current account allocation. Registrant will rebalance the connected outside accounts consistent with the client's investment goals and risk tolerance. To facilitate use of the Pontera platform, the client securely logs into the Pontera site and entitles Registrant to manage the assets. Pontera charges Registrant 0.30% for each managed account. Clients do not pay any additional fee to Pontera or to Registrant in connection with their platform participation; however, Registrant will charge an investment advisory fee for the management of held away assets. Registrant is not affiliated with Pontera in any way and receives no compensation from them for using their platform.

**Private Investment Funds.** Registrant may provide investment advice regarding private investment funds. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. **Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).**

**Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the fund



sponsor, then the valuation shall reflect the initial purchase price (or a value as of a previous date). If the valuation reflects the initial purchase price (or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price. The client's advisory fee shall be based upon reflected fund value(s).

**Recommended Professionals.** Registrant may recommend the services of other professionals for certain implementation purposes (i.e., attorneys, accountants, licensed insurance agents, mortgage brokers, etc.), including professionals that are clients of the Registrant. This arrangement presents a conflict of interest, such that Registrant could be deemed to have an incentive to recommend these client professionals to Registrant's other clients.

**Retirement Plans and Retirement Plan Participants.** When Registrant provides investment advice to clients regarding their retirement plan account or individual retirement account, it is a fiduciary 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 Registrant makes money creates some conflicts with client interests, so Registrant operates under a special rule that requires it to act in a client's best interest and not put its interest ahead of the client's.

Under this special rule's provisions, the Registrant must:

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

**Rollover Recommendations.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): i) leave the money in the former employer's plan, if permitted, ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, iii) roll over the assets to an Individual Retirement Account ("IRA"), or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new or increase its advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

**Trade Error Policy.** From time to time Registrant may make an error in submitting a trade order on a client's behalf. When this occurs, Registrant may place a correcting trade with the broker-dealer which has custody of the client's account. When Registrant corrects an error, the client must not be disadvantaged; the client must be "made whole", neither recognizing any loss nor gain from the error. Accordingly, if Registrant makes an error

while submitting a trade for a client's account, then Registrant, in order to comply with its fiduciary obligation to the client, must bear any costs of correcting such a trade.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant, in writing, if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Please Note:** Neither the Registrant, nor any of its employees, serve as an attorney, accountant, or insurance agent for any of the Registrant's clients, and no portion of the Registrant's services should be construed as same. Accordingly, Registrant **does not** prepare estate planning documents, nor does Registrant sell insurance products. Registrant does offer income tax preparation services as disclosed herein.

**Please Note – Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain some of the mutual funds that may be recommended and/or utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.

The Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, market conditions, investment performance, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when the Registrant determines that changes to a client's portfolio are neither necessary nor prudent. The Registrant's advisory fee remains payable during periods of account inactivity.

- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2024, the Registrant had \$6,129,014,916 in assets under management on a discretionary basis and \$237,258,009 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's

management, is negotiable, and varies based upon the scope of and type of services to be provided as follows:

**Non-Sub-Advised and Sub-Advised Portfolios (*exclusive of sub-advisors fees*)\***

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
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Next \$2,000,000	0.750%
Next \$2,000,000	0.600%
Next \$14,000,000	0.500%
Over \$20,000,000	0.350%

\*PLEASE NOTE: Generally, the above fee schedule is for new clients that engage Registrant subsequent to December 31, 2017 or for existing financial advisory clients that have not previously engaged Registrant to provide investment advisory services. The fee schedule does not apply to existing investment advisory clients of Registrant (see Grandfathered Fee Schedules disclosure below), nor does the fee schedule apply to Registrant's other advisory services including financial advisory and consulting services, or services provided under the Schwab Advisor Network<sup>®</sup> fee schedule documented below. Rather, as discussed below, such services are available on a stand-alone, separate fee basis, per the terms and conditions of a separate written agreement. In addition, many clients have and will continue to be grandfathered under fee schedules that preceded the client's engagement of Registrant. Registrant has grown, and expects to continue to grow, by acquisition of other advisory firms. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from the above fee schedule. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Registrant's acquisition. As a result, Registrant's clients could be subject to various different fee schedules and/or arrangements, including those that may be higher or lower than Registrant's fee schedule set forth above. Annual advisory fees applicable to a client engagement are detailed in the Advisory Agreement executed between Registrant and the client. Clients engaged under grandfathered fee schedules are advised to consult their Advisory Agreement, which may be provided on request, for more information on the fees applicable to their account.

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**Alternative Investments (*exclusive of charges imposed by the alternative investment, for example management fees*)**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Less than \$10,000,000	1.000%
At least \$10,000,000	0.900%

Although Registrant requires a minimum account size of \$1,000,000 when Registrant is providing only investment advisory services to a client, Registrant may accept an amount less than the minimum. Registrant, in its sole discretion, may reduce its account minimum. Registrant may group related client accounts for the purpose of achieving the minimum account size requirements. Registrant's investment advisory fee is negotiable, therefore, Registrant may charge a lesser investment advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

**Grandfathered Fee Schedules.** Registrant's investment advisory fee schedule may be amended from time to time. Many clients have been, and will continue to be, grandfathered under fee schedules that preceded an amended fee schedule. In addition, many clients have and will continue to be grandfathered under fee schedules that preceded the client's engagement of Registrant. Registrant has grown, and expects to continue to grow, by acquisition of other advisory firms. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from the fee schedules set forth above in Item 4 and Item 5. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Registrant's acquisition. As a result, Registrant's clients could be subject to different investment advisory fee schedules than those set forth above in Item 4 and Item 5, including those that may be higher or lower than Registrant's fee schedule. Annual advisory fees applicable to a client engagement are detailed in the Advisory Agreement executed between Registrant and the client. Clients engaged under grandfathered fee schedules are advised to consult their Advisory Agreement, which may be provided on request, for more information on the fees applicable to their account.

#### **FINANCIAL ADVISORY AND CONSULTING SERVICES (STAND-ALONE)**

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#### ***Combined Investment Advisory and Financial Advisory Services***

Generally, this fee arrangement is unique to long term clients of Registrant that continue to be grandfathered. Under this fee arrangement, the client can determine to engage the Registrant to provide discretionary investment advisory services and financial advisory and consulting services (including investment consulting services, retirement planning, cash flow planning, estate consulting services (not involving legal or accounting advice/services), and budget analysis and review, etc.) and pay a combined fee for both services. The Registrant's annual combined investment advisory and financial advisory fee is based upon a percentage (%) of the market value of the assets set forth on the exhibit to the *Advisory Agreement* and generally ranges between 0.30% and 1.00%.

Alternatively, Registrant's annual combined investment advisory and financial advisory fee may be a fixed fee.

The Registrant's annual combined investment advisory and financial advisory fee is negotiable and generally subject to a minimum annual fee of \$20,000. To the extent assets are directed to a sub-advisor, a separate fee (as described above), in addition to the combined fee, will be charged to the client for the services of the sub-advisor.

In addition, many clients have and will continue to be grandfathered under fee schedules that preceded the client's engagement of Registrant. Registrant has grown, and expects to continue to grow, by acquisition of other advisory firms. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from the fee schedules set forth in Item 4 and Item 5. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Registrant's acquisition. As a result, Registrant's clients could be subject to various different fee schedules and/or arrangements, including, but not limited to, a combined investment advisory and financial advisory fee based upon a percentage (%) of the market value of the assets placed under Registrant's management, which may be higher or lower than Registrant's fee schedules set forth in Item 4 and Item 5. Annual advisory fees applicable to a client engagement are detailed in the Advisory Agreement executed between Registrant and the client. Clients engaged under grandfathered fee schedules are advised to consult their Advisory Agreement, which may be provided on request, for more information on the fees applicable to their account.

## **RETIREMENT CONSULTING SERVICES**

The Registrant's annual consulting fixed fee arrangements are negotiable depending on the time and complexity of the engagement. The Registrant's annual consulting fees based upon a percentage of the market value of the plan's assets are negotiable and generally range between 0.35% and 1.00% of the market value of the plan's assets. Generally, Registrant's annual consulting fee shall be calculated and paid quarterly, in advance. Consulting fees based on a percentage of the market value of the plan's assets are based upon the market value of the plan's assets on the last day of the previous quarter.

## **SCHWAB ADVISOR NETWORK<sup>®</sup> (Combined Services)**

Registrant receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Registrant's participation in the Schwab Advisor Network<sup>®</sup> ("the Service"). See a description of the Service in Item 12 and Item 14 below.

Registrant provides clients referred through the Service discretionary investment advisory services and financial advisory and consulting services (including investment consulting services, retirement planning, cash flow planning, estate consulting services (not involving legal or accounting advice/services), and budget analysis and review, etc.) for a combined fee for both services. The Registrant's annual combined investment advisory and financial advisory fee is based upon a percentage (%) of the market value of the assets placed under Registrant's management, is negotiable, and varies upon the scope of and type of services to be provided as follows:

**Non-Sub-Advised and Sub-Advised Portfolios (*exclusive of sub-advisors fees*)**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$4,000,000	1.000%
Next \$2,000,000	0.750%
Next \$14,000,000	0.500%
Over \$20,000,000	0.350%

Non-Sub-Advised portfolios (direct management by Registrant), Sub-Advised Fixed Income portfolios, and Sub-Advised Equity portfolios are aggregated when applying the fee percentages described above.

To the extent assets are directed to a sub-advisor, a separate fee (as described above), in addition to the combined fee, will be charged to the client for the services of the sub-advisor.

**Alternative Investments (*exclusive of charges imposed by the alternative investment, for example management fees*)**

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Less than \$10,000,000	1.000%
At least \$10,000,000	0.900%

Registrant requires a minimum account size of \$500,000 for clients referred through Registrant's participation in the Service. For clients referred through the Service with an account size greater than \$4 million, generally, Registrant will provide income tax preparation services for no additional fee. Registrant may charge an additional fee for providing income tax preparation services to clients with an account size less than \$4 million.

**Commencement of Registrant Compensation.** Registrant's financial advisory and consulting services shall commence on the date that the client and the Registrant have executed an Advisory Agreement. The Registrant's annual advisory fee shall commence on the date that Schwab has transitioned the client's investment assets to an account(s) to be managed by the Registrant, regardless of the date on which the Registrant and the client confirm the investment objective(s) for the account(s), which will generally be a date subsequent to the execution of the Advisory Agreement.

- B. **Please Note: Cash Positions.** All cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating Registrant's advisory fee. Registrant may maintain cash and/or cash equivalent positions to mitigate market risk in relation to near term liquidity needs, or for defensive or other purposes. When assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, Registrant's advisory fee on cash and cash equivalent positions could exceed the interest paid by the client's cash or cash equivalent positions.
- C. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. The Registrant's *Advisory Agreement* and *Investment Consulting Services Agreement* as well as the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory and/or financial

advisory fee and to directly remit the fee to the Registrant in compliance with regulatory procedures. In the event that the Registrant bills the client directly for investment advisory and/or financial advisory fees, payment is due upon receipt of the Registrant's invoice. Generally, the Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter, or if the annual fee is a fixed fee, a pro rata portion of the annual fixed fee. Generally, Registrant requires all margin loans secured by managed assets be maintained in an unmanaged account. Margin loans maintained in an unmanaged account are not contemplated in the calculation of Registrant's investment advisory fee. Margin loans maintained in an unmanaged account do not reduce the market value of the assets in the managed accounts which serve as the basis for the calculation of Registrant's investment advisory fee. In the event Registrant waives the requirement that all margin loans secured by managed assets be maintained in an unmanaged account, generally because the margin loan is not material or is temporary in nature, the margin loan is contemplated in the calculation of Registrant's investment advisory fee, reducing the market value of the assets in the managed accounts which serve as the basis for the calculation of Registrant's investment advisory fee.

- D. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab & Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds and commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).
- E. Generally, the Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires a \$1,000,000 minimum asset level when Registrant is providing only investment advisory services to a client. Registrant may group related client accounts for the purpose of achieving the minimum account size requirements. The Registrant, in its sole discretion, may reduce its investment advisory fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Registrant's tax consulting and preparation fees are negotiable and provided on either a mutually agreed upon fixed fee or hourly rate basis. Registrant's hourly rate ranges from \$100 to \$600. The tax consulting and preparation fees are dependent on the level and scope of the service(s) required and the professional(s) rendering the service(s).

The *Advisory Agreement* and/or *Investment Consulting Services Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the agreements. Upon termination, the Registrant shall refund the pro-rated portion of the prepaid advisory fee paid based upon the number of days remaining in the billing quarter.

- F. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7 Types of Clients**

The Registrant's clients shall generally include individuals, trusts, pension and profit sharing plans, business entities, and charitable organizations. The Registrant generally requires a \$1,000,000 minimum asset level when Registrant is providing only investment advisory services to a client. Registrant may group related client accounts for the purpose of achieving the minimum account size requirements. The Registrant, in its sole discretion, may reduce its investment advisory fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. Registrant's investment committee formulates investment strategies and sets procedures and guidelines to implement investment policies. The investment committee is responsible for supervising adherence to investment policies and performance of asset allocations and investment assets. The Registrant's investment committee may be comprised of certain senior leadership including members of the board and executive leadership team, senior advisors and the advisory research team.

The investment committee is responsible for identifying and implementing the methods of analysis used by the Registrant in formulating investment strategies. Registrant may utilize the following methods of security analysis:

- Fundamental - Analysis performed on historical and present data, with the goal of making financial forecasts
- Technical - Analysis performed by analyzing statistics generated by market activity, such as past prices and volume

The Registrant uses a variety of data sources to conduct analysis. An evaluation of economic, investment and market analysis, may include information from financial media sources, market research materials prepared by third parties, conference calls hosted by asset managers, bond or corporate rating services, annual financial reports, prospectuses, and company press releases.

Strategic asset allocation is the primary investment strategy utilized by the Registrant. Registrant identifies and states the client's objectives and constraints, formulates an investment policy statement, and creates a strategic asset allocation. The strategic asset allocation specifies the major asset classes and exposure limits and is designed to meet the long-term objectives given the client's constraints and realistic market expectations for risk and return. Registrant may also employ tactical asset allocation. Tactical asset allocation represents a deviation from the strategic asset allocation in order to exploit a perceived insight about the market.



**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

- B. Every investment strategy has its own inherent risks and limitations. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities or that financial goals or objectives will be achieved.

Risks associated with investing that investors should consider include, but are not limited to:

- **Market Risk:** Market risk refers to the possibility that the value of investments will decline due to changes in market conditions. This risk is inherent in any investment strategy that involves exposure to the financial markets. Factors such as economic downturns, political instability, and changes in interest rates can impact the value of investments.
- **Equity Market Risk:** Investments in equity securities are subject to equity market risk. Stock prices can be volatile and may fluctuate widely in response to various factors, including company performance, industry developments, and overall market conditions. This volatility can result in significant losses for investors.
- **Exchange Traded Fund (ETF) and Mutual Fund Risk:** When investing in an ETF or mutual fund, a client will bear additional expenses based on the client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs and mutual funds.
- **Fixed Income Market Risk:** Fixed income investments, such as bonds, are also subject to market risk. Interest rate changes can affect the value of these securities. When interest rates rise, the value of existing bonds typically falls, and vice versa. Additionally, credit risk, or the risk that a bond issuer will default on its payments, is a consideration for fixed income investors.
- **Liquidity Risk:** Liquidity risk arises when an investor is unable to sell an investment at its fair market value due to a lack of buyers. This can occur in both equity and fixed income markets, particularly in times of market stress. Illiquid investments can be difficult to sell quickly without accepting a substantial loss.
- **Private Investment Fund Risk:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment

- **Concentration Risk:** Concentration risk is the risk of loss due to a significant portion of an investment portfolio being invested in a single security, sector, or geographic region. Diversification can help mitigate this risk by spreading investments across various assets, sectors, and regions.
- **Socially Responsible Investing Risk:** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance (“ESG”) considerations into the investment due diligence process. There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Registrant), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. Investor restrictions, limiting portfolio securitization options, may negatively impact portfolio returns.
- **Legal and Regulatory Risk:** Legal and regulatory risk involves the possibility of loss due to changes in laws, regulations, or government policies that affect the investment landscape. Compliance with regulatory requirements is essential to avoid penalties, fines, and other legal repercussions.
- **Inflation Risk:** Inflation risk is the risk that the purchasing power of an investment's returns will be eroded by rising prices. This is particularly relevant for fixed income investments, where the interest payments may not keep pace with inflation, resulting in a decrease in real returns.
- **Currency Risk:** Currency risk arises from fluctuations in exchange rates, which can impact the value of foreign investments. Investors may experience losses if the value of their home currency fluctuates against the value of the foreign currency.
- **Cybersecurity Risk:** The information technology systems and networks that Registrant and its third-party service providers use to provide services to Registrant’s clients employ various controls that are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Registrant’s operations and/or result in the unauthorized acquisition or use of clients’ confidential or non-public personal information. Clients and Registrant are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur financial losses and/or other adverse consequences. Although the Registrant has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that the Registrant does not control the cybersecurity measures and policies employed by third-party service providers, issuers of securities, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchanges and other financial market operators and providers.

- **Management Risk** – Investment performance with Registrant varies with the success and failure of its investment strategies, sub-advisor selection, research, analysis, and determination of portfolio securities. If Registrant’s investment strategies do not produce the desired outcomes, the value of the investment may decrease.

C. The Registrant primarily allocates client investment assets among exchange traded funds, mutual funds, various individual equities (stocks) and fixed income securities, private funds, and unaffiliated sub-advisors, on a discretionary basis in accordance with the client’s designated investment objective(s). Risks associated with these types of investments are noted above in 8.B.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.
- E. The Registrant may recommend the services of other professionals for certain implementation purposes (i.e., attorneys, accountants, licensed insurance agents, mortgage brokers, etc.), including professionals that are clients of the Registrant. This arrangement presents a conflict of interest, such that Registrant could be deemed to have an incentive to recommend these client professionals to Registrant’s other clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant’s Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for

client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Schwab. Prior to engaging Registrant to provide investment advisory services, the client will be required to enter into a formal *Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the

transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provides access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

2. The Registrant receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Registrant's participation in Schwab Advisor Network<sup>®</sup> ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Registrant. Schwab does not supervise Registrant and has no responsibility for Registrant's management of clients' portfolios or Registrant's other advice or services. Registrant pays Schwab fees to receive client referrals through the Service. Registrant's participation in the Service may raise potential conflicts of interest described below.

Registrant pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Registrant is a percentage of the fees the client owes to Registrant or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Registrant pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Registrant

quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Registrant and not by the client. **Registrant has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Registrant charges clients with similar engagements who were not referred through the Service.**

Registrant generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Registrant generally would pay in a single year. Thus, Registrant will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Registrant's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Registrant will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Registrant's fees directly from the accounts.

For accounts of Registrant's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Registrant may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Registrant, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Registrant's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

**PLEASE NOTE:** The Registrant provides services to Schwab referrals under a separate, combined services, fee schedule (see Items 4 and 5 above), which includes both investment management and financial advisory and consulting services. As such, it is different from Registrant's current standard fee schedule for clients that engage the Registrant separate from the Schwab Advisor Network<sup>®</sup> post December 2017. Under that fee schedule, financial advisory and consulting services are available on a stand-alone, separate fee basis, per the terms and conditions of a separate written agreement.

- a) **Directed Brokerage:** The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution

services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts advised by Registrant. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment advisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment advisory clients and financial advisory clients are advised that it remains their responsibility to advise the Registrant, in writing, of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial advisory services issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian

and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an economic benefit from Schwab. The Registrant, without cost (and/or at a discount), may receive support services and/or products from Schwab.

In addition, as referenced in Item 12.A.2 above, Registrant receives client referrals from Schwab through Registrant's participation in Schwab Advisor Network<sup>®</sup> ("the Service"). Registrant pays Schwab fees to receive client referrals through the Service. Registrant's participation in the Service may raise potential conflicts of interest as described above.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of these arrangements. There is no corresponding commitment made by the Registrant to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangements.

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment advisory fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

#### **Item 15 Custody**

Registrant does not maintain physical custody of client funds and/or securities. Client assets are held by a qualified custodian(s). The Registrant has custody of clients' funds given Registrant's ability to have its advisory fee for each client debited by the custodian on a quarterly basis; by employees acting as trustee or executor on client accounts; and by Registrant's ability to access client accounts via client's credentials on financial accounts; and by clients providing Registrant the authority to disburse funds to parties designated by the client through a Standing Letter of Authorization (SLOA).

Because Registrant is considered to maintain custody of client funds, the Registrant undergoes a surprise annual audit by an independent accounting firm as required by Rule 206(4)-2 under the Investment Advisers Act of 1940. Registrant custody information can be found at the Custody section of Part 1 of Form ADV.



At least quarterly, clients are provided with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for client accounts. Clients are urged to notify Registrant if they have not been receiving written summary account statements directly from the broker-dealer/custodian and/or program sponsor. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.). See Item 8. B. above as an example of the risks and limitations associated with client restrictions relating to Socially Responsible Investing Risk.

## **Item 17      Voting Client Securities**

- A. Except with respect to client accounts managed by sub-advisors, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.