

**ADV Part 2A Brochure**



**Rossby Financial, LLC**

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This Brochure provides information about the qualifications and business practices of Rossby Financial, LLC (“Rossby”, “Adviser”, “firm”, “us”, “we”, “our”). If you (“client,” “prospective client,” “investor”) have any questions about the contents of this Brochure, please contact us at (321) 209-0111 or via email at [aevans@rossbyfinancial.com](mailto:aevans@rossbyfinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Rossby is a Registered Investment Adviser. The registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them. Additional information about the Adviser is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for the Adviser is 324631. The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as Investment Adviser Representatives of the Adviser.

## Item 2 – Material Changes

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Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser’s brochure, the adviser is required to notify clients and provide a description of the material changes. Generally, we will notify clients of material changes on an annual basis. However, when we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

This Disclosure Brochure is our annual amendment brochure. The only material change since our last filing is:

-Updated Item 5 amended to accurately reflect Rossby’s fee summary.

A revised Brochure may become available since our delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or clients may contact our office at the number or by email listed on the cover page of this Brochure to obtain a copy. When an update is made to this Brochure, we will send a copy to clients with the summary of material changes, or a summary of material changes that includes an offer to send clients a copy [either by electronic means (email) or in hard copy form].

# Item 3 – Table of Contents

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## Item 4 – Advisory Business Introduction

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### **Our Advisory Business**

Rossby is a Registered Investment Adviser that offers investment advisory services to clients. The firm is a limited liability company organized under the laws of the State of Delaware on January 5, 2023. Rossby is principally owned by Andrew Evans and Christopher Marsico, the Adviser’s Managing Members (“the Principals”).

The firm provides investment advice through Investment Adviser Representatives (IARs) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all our IARs are required to have an associate degree or commensurate business experience.

We provide portfolio management services to individuals including high net worth individuals, charitable organizations, pension plans/profit sharing plans, corporations, and other business entities.

The firm is committed to the precept that by placing the client’s interests first, we will add value to the asset management process and earn the client’s trust and respect. We value long-term relationships with our clients whom we regard as strategic partners in our business.

### **Wealth Management Consulting**

We can work with you, in a consulting capacity, to create a formal Investment Policy Statement (IPS) that will serve as the roadmap to guide your wealth management program. Your IPS will incorporate many different aspects of your financial status into an overall plan designed to meet your goals and objectives.

### **Financial Planning and Consulting**

As part of our investment advisory relationship with our clients, we also provide financial planning services. Fee based financial planning is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship consists of face-to-face meetings and ad hoc meetings with you and/or your other professionals (e.g., attorneys, accountants, etc.) as necessary.

In performing financial planning services, we typically examine and analyze your overall financial situation, which may include issues such as taxes, insurance needs, overall debt, credit, business planning, retirement savings and reviewing your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant, or other professionals.

If you engage us to perform these services, you will receive a written agreement specifying the services, fees, terms, and conditions of the relationship. An IAR can make various recommendations through the financial plan, including but not limited to recommending the services of other professionals for

implementation purposes. The IAR can recommend using or select Private Client Services, LLC's brokerage services, or Rossby Insurance L.L.C.'s insurance services, an affiliate of Rossby. A conflict of interest exists if you engage us to provide additional services for compensation. You retain absolute discretion over all decisions regarding implementation and are under no obligation to implement recommendations through us. You may implement your financial plan through any financial organization of your choice. It is your responsibility to promptly notify us of any change in your financial situation or investment objectives to review, evaluate, or revise our recommendations and/or services.

### **Asset Management Services**

We manage client investment portfolios on a discretionary or non-discretionary basis. We tailor our advisory services to meet the needs of our individual clients and seek to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. We consult with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify us if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if we determine, in our sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the firm's management efforts.

We primarily allocate client assets among various mutual funds, equities, exchange-traded funds (ETFs), debts, futures, options, and other securities in accordance with their stated investment objectives.

Where appropriate, we may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage us to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

In these situations, we direct or recommend the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company, or the custodian designated by the product's provider. We tailor our advisory services to meet the needs of our individual clients and seek to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives.

Upon request, we may also provide services related to client assets "held-away" at other custodians, administrators, or product providers. This service generally applies to ERISA and non-ERISA plan assets, such as 401(k)s and 403(b)s, and variable insurance products and other client accounts where we are providing very limited services. Regarding ERISA and non-ERISA plan assets, investment selection is limited to the investment options approved by the plan administrator or product provider. Because of this, our advisory services to held-away accounts are limited to those available investment options and may be subject to other service limitations, as disclosed to the client in a separate written agreement.

## **Pension Consulting Services**

On occasion, we offer consulting services to pension or other employee benefit plans (including 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators, and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

## **Retirement Consulting Services**

To comply with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"), when applicable, we are providing the following acknowledgment to clients. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under an exemption that requires we act in your best interest and not put our interest ahead of yours. Under this exemption, we must:

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

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

## **Selection of Other Advisers**

We and our IARs recommend and/or select third-party investment managers to handle all or a portion of the asset management process. These third-party investment managers, sometimes referred to as sub-advisors or third-party asset managers, may be selected directly by our IARs or made available to us through a custodian-sponsored program. Certain sub-advisory arrangements require the client to engage

the third-party investment manager directly and we help facilitate that arrangement. Under this scenario you will enter a separate, written agreement with the third-party investment manager, detailing the fees and expenses that you will pay to such third-party investment manager.

### **Turnkey Asset Management Platforms (“TAMPs”) Services**

We may recommend and/or select Turnkey Asset Management Platforms (“TAMPs”) to handle all or a portion of the asset management process. TAMPs typically include technology, investment research, portfolio management and other outsourcing services. TAMPs generally provide services that enable the Advisors to integrate multiple providers, programs, products, and custodians.

We currently offer advisory services through TAMPs sponsored by, among others, AssetMark, Inc. and SEI Investment Management. We may offer the advisory services of other TAMPs in the future. For more information regarding these programs, including additional information on the advisory services and fees that are applicable, the types of investments available in the programs and the potential conflicts of interest presented by the programs, please refer to the information provided by us, including, but not limited to, the applicable TAMP sponsor’s Form ADV Part 2A brochure, Wrap Fee Program brochure or the applicable program’s Form ADV Part 2A brochure, Wrap Fee Program brochure and applicable agreement(s).

### **Family Office Services**

We support their overall financial needs and provide to an ultra-high-net-worth family a selection of personalized services that include, but are not limited to, the following:

- Portfolio review and evaluation
- Cash flow analysis
- Budgeting
- Divorce planning
- Tax projections
- Tax planning
- Philanthropic planning
- Retirement planning
- Planning for special needs family member
- Education funding planning
- Risk management analysis (i.e., insurance policy review)
- Client meetings
- Organization of client documents
- Investment policy design
- Access to financial planning tools
- Retirement account investment analysis and allocation
- Estate analysis and planning
- Behavioral coaching and wealth mentoring

## **Wrap Fee Programs**

We offer a Wrap Fee Account which is administered through a clearing broker/dealer. The Wrap Fee Program is designed to assist you in clarifying your investment needs and obtaining professional asset management for a convenient single "wrap" fee on a discretionary account. Under the Wrap Fee Program, an inclusive fee covers account management, brokerage, clearance, custody, and administrative services. We will receive a portion of the WRAP fee for our services.

We typically manage wrap accounts similarly to non-wrap accounts. However, several factors may influence the selection of the account structure, including but not limited to:

1. The client's preference for a "wrap" vs. transaction charges per trade on certain or all securities.
2. Account size.
3. Anticipated trading frequency.
4. Anticipated securities to be traded.
5. Management style.
6. Long term investment goals.

The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by paying transaction costs separately. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies, the brokerage commissions charged by other broker/dealers, and the advisory fees charged. We will review with clients any separate program fees that may be charged to clients. We receive the advisory fee set forth in the Wrap Fee Program Brochure.

## **Assets under Management**

As of December 20, 2023, the firm has \$ 170,360,824.12 in discretionary and \$0 in non-discretionary regulatory assets under management.

## **Item 5 – Fees and Compensation**

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### **A. Financial Planning and Consulting Fees**

Our Advisors charge a fixed fee or a fee based upon the net worth or assets held by the client for providing financial planning and consulting services. These fees are negotiable, but have wide range from \$200 to \$50,000 on a fixed fee basis, or up to 2% of net worth or of assets being addressed in the plan or under consultation, and/or a \$100 to \$1000 on an hourly basis, depending upon the scope and complexity of the services, the client's financial situation and objectives, and the professional rendering the financial planning and/or the consulting services. Fixed fees will be due and payable upon the agreed timing between client and advisor and signing of the Agreement. We also offer ongoing services in which the client pays a subscription service fee as negotiated by the client and advisor.



## **B. Asset Management Services Fees**

Investment management services are offered on a fee basis, meaning that clients pay a flat annual fee or an annualized fee based upon the value of their assets under our management. The Management Fee is negotiable and varies depending upon the size and composition of a client's portfolio and the type of services rendered and the representative providing services. Our maximum management fee will not exceed 2.5% of the assets under management. The services we provide may be available from other advisers for a lower fee.

**Please Note: Fee Differentials-Conflict of Interest.** Our IARs determine the amount of advisory fee to be paid by the client within the parameters of the fee schedule set forth above and this could present a conflict of interest. No client will be charged more than the reflected maximum annual percentage fee. As a result, similarly situated clients could pay different advisory fees. Our advisory services could also be available from other advisers at a lesser annual percentage advisory fee. Each client should take this potential fee differential into consideration when determining whether to engage our services. Our CCO remains available to address any questions that a client or prospective client may have regarding the above potential for fee differentials and corresponding conflict of interest.

The annual fee is prorated based on when services begin or end. While the timing of billing is negotiable and varies among clients, we generally charge advisory fees in advance or in arrears quarterly or monthly, based upon the period end balance for the previous month/quarter.

Under certain engagements, we may adjust billing as follows: if assets more than \$100,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value.

Additionally, for asset management services we provide with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), we may negotiate a fee rate that differs from the range set forth above.

### **1. Fee Discretion**

The fee schedule above is the maximum fee that will be charged. We, in our sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

### **2. Fee Debit**

Our agreement and the separate agreement with any Financial Institutions generally authorize us and/or the Independent Managers to debit the clients' accounts for the advisory fee and to directly remit that fee to us or the Independent Managers. Any Financial Institutions recommended by us have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account,

including the amount of advisory fees paid directly to us. Alternatively, clients may elect to have us send them an invoice for payment.

### **3. Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to our right to terminate an account. Additions may be in cash or securities if we reserve the right to liquidate any transferred securities or decline to accept securities into a client's account. Clients may withdraw account assets on notice to us, subject to the usual and customary securities settlement procedures. However, we design your portfolios as long-term investments, and the withdrawal of assets may impair the achievement of your investment objectives. We may consult with you about the options and implications of transferring securities. You are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

### **4. Termination Policy**

The terms and conditions for client participation in advisory programs or relative to any of our services are set forth in our written agreements and the account paperwork for the specific advisory programs or services. The written agreement between us and the client will continue in effect until terminated by either party by written notice in accordance with the terms and conditions of the written agreement. In the event the agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance or unearned portion of the fee is charged or refunded to the client, as appropriate. If a copy of the Brochure Document(s) is not provided to the client at least 48 hours prior to signing the contract(s), client has five (5) business days in which to cancel the contract, without penalty.

### **C. Pension Consulting Services Fees**

Pension services are offered on a fee basis, meaning that clients pay an annualized fee based upon assets under management, and in some instances may incur a flat fee that is payable in advance. The advisory fee varies depending upon the size and composition of a client's portfolio and the type of services rendered and the IAR providing the services. Fees are negotiable and will range between .45% and 2% depending on the needs and depth of service.

Pension consulting fees may be deducted directly from the plan account or invoiced and payable monthly or quarterly in advance.

Clients will pay custodial account and other service fees, including any fee associated with maintaining a retirement account charged by the custodian of the qualified account. Additional information is provided below.

### **D. Selection of Other Advisers Fees**

We may utilize the services of various third-party investment advisers. We will be compensated via a fee share from the advisory fees you pay to the third-party investment adviser. Our share of the fees ranges from .02% to .25% and are negotiable. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party investment adviser selected.

The third-party investment advisers' fees are paid based on the third-party advisers' payment policy detailed in their respective Form ADV Part 2A brochure, Wrap Fee Program brochure, or the applicable program's Form ADV Part 2A brochure, Wrap Fee Program brochure and applicable agreement(s).

### **E. Turnkey Asset Management Platforms ("TAMPs") Services**

We recommend and/or select TAMPs to handle all or a portion of the asset management process for a client. Under TAMPs, the client will pay a total TAMP fee. The total TAMP fee generally includes a:

- program fee that is retained by the TAMP Sponsor,
- sub-manager/advisor fee that is paid to another third-party, through the TAMP Sponsor for investment management services,
- custodian fee that is paid to the custodian either through the TAMP or the client, and
- advisory fee that is paid to us.

For accounts managed by TAMPs, clients pay an advisory fee as set out in the client agreement with the TAMP. The fee is typically negotiated among the TAMP, the IARs and the client. The TAMP may establish a fee schedule or set a minimum or maximum fee. The TAMP fee schedule will be set out in the TAMP's Form ADV Part 2A brochure, Wrap Fee Program brochure and applicable agreement(s). The advisory fee typically is based on the value of assets under management as valued by the custodian of the assets and will vary by program. The advisory fee typically will be deducted from the account by the custodian and paid quarterly in arrears or in advance to the TAMP, who in turn pays our portion.

There are other fees and charges imposed by third parties that apply to investments in TAMP-managed accounts. Some of these fees and charges are described below and should be outlined in the TAMP's Form ADV Part 2A brochure, Wrap Fee Program brochure and applicable agreement(s).

### **F. Family Office Services**

We charge a flat annual fee, or a percentage of net worth negotiated by the family and the firm. Fees will range from .05% to 2% of total active investments not specifically managed by our IARs, such as real estate holdings, LLPs, other hard assets, etc.

### **G. Rossby Fee Summary**

We provide flexible payment arrangements for the clients, including, but not limited to, hourly fees, an annual fee, quarterly fee, asset-based fee, etc. Below is a list of items to be aware of regarding fees for our services:

- Fees must be reasonable based on the services being provided.
- Hourly Financial Planning and Consulting fees range between \$100 to \$1000 per hour based on the scope and complexity of the services requested.
- Fixed fees for Financial Planning and Consulting Services range between \$200 to \$50,000 based on the scope and complexity of the services requested.
- Asset-Based Fees will not exceed 2.5% of the value of the client's assets under our management.
- Pension Consulting Fees will not exceed 2% of the value of the client's portfolio.
- Fees are payable to Rossby Financial LLC.

## **H. Custodial Account and Other Service Fees**

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third-party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and ETFs also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include a management fee, upfront sales charges, and other fund expenses. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services like those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

## **I. Other Compensation**

This brochure describes our non-wrap fee advisory services; clients utilizing wrap fee portfolio management should see our Wrap Fee Brochure for additional details regarding third-party fees. Client accounts not participating in the wrap fee program are responsible for the payment of all third-party fees (i.e., custodian fees, commissions, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by the third-party investment advisers.

While we always endeavor to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving additional compensation creates a conflict of interest and may affect certain individuals' judgments when making recommendations. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that clients may purchase recommended securities from other registered representatives not affiliated with us.

While we always endeavor to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and may affect their judgment when making recommendations. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that clients may purchase recommended insurance products from other insurance agents not affiliated with us.

## **Item 6 – Performance-Based Fee and Side-by-Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) and at the same time manages other accounts for

which fees are assessed on a performance fee basis. Because we do not have performance-based fee accounts, we do not engage in side-by-side management.

## **Item 7 – Types of Client(s)**

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We provide portfolio management services to individuals including high net worth individuals, trusts, estates, charitable organizations, pension plans/profit sharing plans, corporations, and other business entities.

We do not impose a minimum account size or a minimum annual fee for investment management. However, third-party investment managers and other investment providers may require a minimum asset level or charge a minimum fee, and clients should be aware that the imposition of minimum fees by another entity may result in a higher fee being charged than is described in this Brochure.

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

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We use multiple analyses methods and strategies as part of our overall investment management discipline; the implementation of these analyses as part of our investment advisory services to you may include any, all, or a combination of the following:

### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

### **Modern Portfolio Theory (MPT)**

We use Modern Portfolio Theory to help select the funds we use in your account.

Modern portfolio theory tries to understand the market, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

## **Charting / Technical Analysis**

The terms “charting” and “technical” analysis are generally used synonymously and therefore, for the purpose of this document, we will use the term, “technical analysis.” Technical analysis is a technique that attempts to determine a security’s value by developing models and trading rules based upon price and volume transformation. Technical analysis often involves charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets. Technical analysis assumes that a market’s price reflects all relevant information, so the analysis focuses on the history of a security’s trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

## **Targeted Asset Allocation**

Six targeted asset allocation model portfolios covering everything from conservative income to very aggressive growth-oriented approaches have been compiled by us or other third parties. We will assign you a targeted portfolio that meets your goals and time horizon, while addressing the level of risk you are comfortable assuming. The strategic model portfolio allocation remains constant; your specific portfolio model may change infrequently to reflect shifts in your risk tolerance and goals. We screen and select funds and securities to be added to or removed from the model portfolio regularly. Rebalancing can occur after a move in the market of 15% or more within any year but at least once per year based on the annual review of your financial situation.

## **Cyclical Analysis**

While we do not attempt to time the market, we may use cyclical analysis in conjunction with other strategies to help determine if shifts are required in your investment strategies depending upon long- and short-term trends in financial markets and the performance of the overall national and global economy.

## **Investment Strategies**

In order to perform this analysis, we use many resources, such as:

- Direct research services (e.g., Morningstar, etc.)
- Financial newspapers and magazines (e.g., Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings
- Company press releases and websites
- Inspections of corporate activities

- Timing services
- Corporate rating services

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long-term purchases – securities held at least a year.
- Short-term purchases – securities sold within a year.
- Trading – securities sold within 30 days.
- Short sales.
- Margin Transactions.
- Option writing, including covered options, uncovered options, or spreading strategies.

## **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political, and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, nor all the risks applicable to a particular manager, security, or investment. Risks vary by client according to their investment objectives, guidelines, liquidity needs or risk tolerances and not every strategy or portfolio will be exposed to each of the risks described in this Brochure. This list is not intended to be exhaustive of all the risks associated with investing in strategies or securities that are utilized or recommended by us. Rather, it is a general description of the nature and risks of the investment advisory services provided by us and the related investments.

## ***Alternative Investment Risk***

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices.
- Lack of liquidity in that there may be no secondary market for the fund, and none expected to develop.
- Volatility of returns.
- Absence of information regarding valuations and pricing.
- Delays in tax reporting.

- Less regulation and higher fees than mutual funds.

### ***Bond Fund Risk***

Bond funds generally have higher risks than money market funds largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds which include:

- Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### ***Fundamental Analysis Risk***

Fundamental analysis, when used in isolation, has several risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political, and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

### ***Modern Portfolio Theory (MPT) Risk***

Modern Portfolio Theory tries to understand the market and measures market risk to reduce the inherent risks of investing in the market. However, with every financial investment strategy there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### ***Cyclical Analysis Risk***

Looking at market cycles in conjunction with other investment strategies can be useful when making investment decisions. However, market cycles are not always predictable. Each financial investment



strategy has benefits and risks. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### ***Exchange-Traded Fund (ETF) Risk***

Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of the ETF's shares may trade at a premium or a discount to their net asset value,
- An active trading market for an ETF's shares may not develop or be maintained, and
- There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

### ***Insurance Product Risk***

The rate of return on variable insurance products is not stable, but varies with the stock, bond, and money market subaccounts that you choose as investment options. There is no guarantee that you will earn any return on your investment and there is a risk that you will lose money. Before you consider purchasing a variable product, make sure you fully understand its terms. Carefully read the prospectus. Some of the major risks include:

- Liquidity and Early Withdrawal Risk – There may be a surrender charge for withdrawals within a specified period, which can be as long as six to eight years. Any withdrawals before a client reaches the age of 59 ½ are generally subject to a 10 percent income tax penalty in addition to any gain being taxed as ordinary income.
- Sales and Surrender Charges – Asset-based sales charges or surrender charges. These charges normally decline and eventually are eliminated the longer you hold your shares. For example, a surrender charge could start at 7 percent in the first year and decline by 1 percent per year until it reaches zero.
- Fees and Expenses – There are a variety of fees and expenses which can reach 2% and more such as:
  - Mortality and expense risk charges
  - Administrative fees
  - Underlying fund expenses
  - Charges for any special features or riders.
- Bonus Credits – Some products offer bonus credits that can add a specified percentage to the amount invested ranging from 1 percent to 5 percent for each premium payment. Bonus credits, however, are usually not free. To fund them, insurance companies typically impose high mortality and expense charges and lengthy surrender charge periods.

- Guarantees – Insurance companies provide a number of specific guarantees. For example, they may guarantee a death benefit or an annuity payout option that can provide income for life. These guarantees are only as good as the insurance company that gives them.
- Market Risk – The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk – The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### ***Mutual Funds Risk***

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- Manager Risk -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- Market Risk - The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk - The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### ***Stock Fund Risk***

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

### ***Technical Analysis risk***

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.

- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

### ***Legal and Regulatory Matters Risks***

Legal developments which may adversely impact investing and investment-related activities can occur at any time. “Legal Developments” means changes and other developments concerning foreign, as well as US federal, state and local laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). Gaines Financial Group’s management of accounts may be adversely affected by the legal and/or regulatory consequences of transactions effected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.

### ***System Failures and Reliance on Technology Risks***

The firm’s investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems’ conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to trade for or monitor client accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for clients.

### ***Cybersecurity Risk***

A portfolio is susceptible to operational and information security risks due to the increased use of the Internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers’ and Gaines Financial Group’s business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable

privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While Gaines Financial Group has established business-continuity plans and risk management systems designed prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

### ***Pandemic Risks***

The recent outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the recent coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. This pandemic and other epidemic and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

### ***Overall Risks***

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all the money you invest, including your principal, because the securities held by a fund go up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

You are encouraged to consult your financial advisor, legal counsel, and tax professional on an initial and continuous basis in connection with selecting and engaging in the services we provide. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

## **Item 9 – Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

We do not have any information to disclose concerning our firm or any of our IARs. We adhere to high ethical standards for all IARs and associates.

## Item 10 – Other Financial Industry Activities and Affiliations

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Neither we, nor any of our management persons (except as disclosed below), are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities.

In addition, neither we, nor any of our management persons, have any relationship or arrangement that is material to our advisory business, with any related person that is, under common control and ownership, with a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
- other investment adviser or financial planner,
- futures commission merchant,
- banking or thrift institution
- accountant or accounting Firm,
- lawyer or law Firm,
- pension consultant,
- real estate broker or dealer, and
- Sponsor or syndicator of limited partnerships.

Some of our IARs are registered representatives of Private Client Services, LLC (“PCS”), an SEC registered broker-dealer and member of FINRA. In this capacity, they provide securities brokerage services and implement securities transactions under a commission-based arrangement. They may be entitled to a portion of the brokerage commissions paid to PCS, as well as a share of any ongoing distribution or service (“trail”) fees from the sale of mutual funds.

Andrew J. Evans is separately licensed as an independent insurance agent through Rossby Insurance L.L.C., an affiliate and a licensed insurance agency. In this capacity, he effects transactions in insurance products for his clients and earns commissions for these activities. The fees you pay our firm for advisory services are separate and distinct from the commissions earned by Mr. Evans for insurance-related activities.

This presents a conflict of interest because these individuals may have an incentive to recommend securities and/or insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities and insurance products through any person affiliated with us. We have procedures in place to

ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned.

We may enter into a sub-advisor arrangement with other registered investment advisers. In the sub-advisory agreement, we agree to provide on discretionary basis investment management services to clients of those firms. Refer to Items 4 and 5 above for details of our business relationship with other registered investment advisers and the compensation we receive.

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

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### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics also requires certain of our personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, our supervised persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with our policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When we are engaging in or considering a transaction in any security on behalf of a client, no supervised person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed,
- the transaction for the supervised person is completed as part of a batch trade with clients, or
- a decision has been made not to engage in the transaction for the client.

Transactions for supervised person or immediate family member made during last 30 minutes of trading are allowed.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase

agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients can contact us to request a copy of our Code of Ethics.

## **Participation or Interest in Client Accounts**

Neither we nor any of our supervised persons have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

Our Chief Compliance Officer, or his designee, will review all securities transactions of our IARs and files of securities transactions effected for our IARs will be maintained for review. To mitigate conflicts of interest, all our employees must comply with our Compliance Manual and Code of Ethics, which imposes disclosure requirements on the purchase or sale of securities for their own accounts and the accounts of certain related persons.

We do not execute transactions on a principal or agency cross basis.

Our compliance policies and procedures prohibit anyone associated with us from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme, or artifice to defraud.
- Making any untrue statement of a material fact.
- Omitting to state a material fact necessary in order to make a statement, considering the circumstances under which it is made, not misleading.
- Engaging in any fraudulent or deceitful act, practice, or course of business.
- Engaging in any manipulative practices.

## **Personal Trading**

Our IARs may employ the same strategy for their personal investment accounts as they do for their clients. Additionally, our IARs may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Rossby to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting from the recommendations they provide to clients. It is our process to only trade in the same securities we have recommended to you after we have placed your order. Such transactions may create a conflict of interest. We will document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade

order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

We have a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of “Access Persons.” The policy requires that our Access Persons provide the CCO or his 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 CCO or his 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 we select.

## **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal to restrict the use of your information. Our Privacy Policy is available upon request.

## **Item 12 – Brokerage Practices**

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### **Factors Used to Select Custodians**

#### The custodian and brokers we use

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15 - Custody below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Depending on the service, we recommend that clients use Charles Schwab & Co. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. Rossby also recommends StoneX Financial Inc. Collectively, these custodians are referred to as the “custodians”).

We are independently owned and operated and are not affiliated with the custodians. The custodians will hold client assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we recommend that you use these custodians, you will decide whether to do so and will open your account with the custodians by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below and in Item 14 – Client Referrals and Other Compensation. You should consider these conflicts of interest when selecting your custodian.

We do not open an account for you, although we may assist you in doing so. If you do not wish to place your assets with the custodians, then we cannot manage your account. Even though your account is maintained at these custodians, and we anticipate that most trades will be executed through these custodians, we can still use other brokers to execute trades for your account as described below (See “Your brokerage and custody costs”).



### How we select brokers/custodians

We recommend custodians to hold your assets and execute transactions. When considering whether the terms that the custodians provide are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody).
- Capability to execute, clear, and settle trades (buy and sell securities for your account).
- Capability to facilitate timely transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.).
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.).
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to us and other clients.
- Services delivered or paid for the Custodians.
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us”).

### Your brokerage and custody costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in our account in Schwab’s Cash Features Program. For some accounts, Schwab charges you a percentage of the dollar amount of assets in the account in lieu of commissions. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through these custodians, we have determined that having these custodians execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”). By using another broker or dealer, you may pay lower transaction costs.

## Research and Other Soft Dollar Benefits

### Products and services available to us

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage (trading, custody, reporting and related services), many of which are not typically available to retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. 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. Following is a more detailed description of Schwab's support services:

*Services that benefit you.* 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 you and your account.

*Services that indirectly benefit you.* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. 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 allocates aggregated trade orders for multiple client accounts.
- provides pricing and other market data.
- facilitates payment of our fees from our clients' accounts.
- assists with back-office functions, recordkeeping, and client reporting.

*Services that generally benefit only our firm.* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include (i) educational conferences and events; (ii) consulting on technology and business needs, legal and compliance related needs; (iii) publications and conferences on practice management and business succession; (iv) access to employee benefits providers, human capital consultants and insurance providers; (v) marketing consulting and support; and (vi) recruiting and custodial search consulting.

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays

all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment for our personnel.

We do not use client brokerage commissions to obtain research or other products or services. The research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense. As a result of receiving these services, we may have an incentive to continue to use or expand the use of Schwab's services. Our firm examined this potential conflict of interest when we chose to enter the relationship with Schwab and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Schwab that is higher than another qualified broker dealer might charge to effect the same transaction. 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's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

#### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf once the value of our clients' assets in account at Schwab reaches certain thresholds. Schwab provides cost offset when we cross asset thresholds.

These services are not contingent upon us committing any specific amount of business to Schwab in trading commission or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in your best interests. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

There may other benefits from recommending certain custodians or TAMPs such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology with whom we may contract directly. We may receive seminar expense reimbursements from product sponsors which may be based on the sales of products to their clients.

## **Best Execution**

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, reputation, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

## **Brokerage for Client Referrals**

In selecting and/or recommending broker-dealers, we do not consider whether we will receive client referrals from the broker- dealer or third-party.

## **Directed Brokerage**

We do not recommend, request, or require that a client directs us to execute transactions through a specified broker-dealer. If the client requests that we recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct us to use a specific broker dealer/custodian), we generally recommend that investment management accounts be maintained at Schwab or StoneX. Prior to engaging us to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with us setting forth the terms and conditions under which we manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

## **Order Aggregation**

Transactions for each client account generally will be effected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders 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. Under this procedure, 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. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities,

including securities in which our supervised persons may invest, we generally do so in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the SEC. We do not receive any additional compensation or remuneration as a result of the aggregation.

In the event that we determine that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, we may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

#### Administrative Trade Errors

Sometimes, we may make an error in submitting a trade order on your behalf. Trading errors may include several situations, such as:

- The wrong security is bought or sold for a client,
- A security is bought instead of sold,
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security, or
- Securities are allocated to the wrong accounts.

When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the corrective action, the gain will remain in your account unless it is legally not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If a loss occurs due to an administrative trade error, we are responsible and will pay for the loss to ensure that you are made whole.

Note: To limit the respective administrative expenses and burden of processing small trade errors, it should be noted some custodians (at their own discretion) may elect not to invoice us if the trade error involves a de minimis dollar amount (usually less than \$100). Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## Item 13 – Review of Accounts

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While the underlying securities are continually monitored, reviews are conducted at least annually, or more frequently upon receipt of information material to the management of a client portfolio, or any time such review is deemed necessary or advisable by us, or upon specific client request. Reviews will be conducted by the Chief Compliance Officer. You may request that your IAR review your account more frequently and may set thresholds for triggering events that would cause a review by your IAR to take place. Generally, we will monitor changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections. Other triggering events may include changes to our investment recommendations and changes to your financial situation and/or investment needs.

Clients are provided with written transaction confirmations and account statements directly from the custodian. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from us and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. You should carefully review those statements promptly when you receive them, to review and verify activities including contributions and distributions reported in accounts. We urge you to compare the account statements you receive from your custodian with any documents or reports you receive from us or an outside service provider. If any discrepancies are noted, you should immediately notify us, your IAR or your custodians. *Please Note:* Each client is responsible for promptly notifying us of any change in the financial situation or investment objectives.

## Item 14 – Client Referrals and Other Compensation

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We have a limited number of arrangements whereby from time-to-time we may compensate, either directly or indirectly, affiliated and/or unaffiliated persons for client referrals and/or service. Under such arrangements, we generally pay a percentage of the investment advisory fee payable to us by the client. This fee may vary according to each agreement. Clients referred to us will not be charged more than similarly situated clients who were not referred to us. Clients referred to us will receive a copy of this Disclosure Brochure along with a disclosure statement at the time of the referral. We may recommend a third-party advisor to manage a portion of a client's assets. In certain arrangements, the client pays their advisory fees to the third-party advisor who then remits a portion to us.

Individuals who refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. Our promoters will disclose to you whether multiple referral relationships exist, and those comparable services may be available from other advisers. Referral fees paid to a promoter are contingent upon your entering into an advisory agreement with us. This creates a conflict of interest given that the promoter has a financial incentive to recommend our firm to you for advisory services. However, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms. In

addition, we have implemented a compliance program to monitor such conflicts and our relationships with promoters are periodically reviewed.

We receive economic benefit from custodians in the form of the support products and services made available to us and other independent investment advisors that have their clients maintain accounts. In addition, custodians may pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts reaches a certain size. You do not pay more for assets maintained at these custodians because of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit our firm, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of custodial products and services is not based on our firm giving investment advice, such as buying securities for our clients.

## **Item 15 – Custody**

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The Advisory Agreement and/or the separate agreement with any financial institution generally authorizes us and/or the Independent Managers to debit client accounts for payment of our fees and to directly remit those funds to us in accordance with applicable custody rules. The financial institutions that act as the qualified custodian for client accounts, from which we retain the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to us.

Certain client accounts, at the client's request, have a Standing Letter of Authorization ("SLOA") arrangement with the custodian, allowing us to give instructions on direct transfer of funds between client accounts. Current SEC policy deems this to fall under the definition of custody. All such transfers are closely monitored to assure that no funds are misdirected or misappropriated. Your custodian will inform you directly of all transfers made under this kind of arrangement. Clients should contact their custodian(s) and notify us without delay if clients do not receive regular independent statements from the custodians or suspect any unauthorized access to the accounts(s).

We are deemed to have custody of your assets if, for example, you authorize us to instruct the custodians to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. The custodians maintain actual custody of your assets and will send account statements to the email or postal mailing address you provide to them. You should carefully review those statements promptly when you receive them, to review and verify activities including contributions and distributions reported in accounts. We urge you to compare the account statements you receive from your custodian with any documents or reports you receive from us or an outside service provider. If any discrepancies are noted, you should immediately report the findings to us, your IAR or your custodians.

## Item 16 – Investment Discretion

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We typically request discretionary authority from you at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. This information is described in the Investment Advisory Agreement you enter into with us. In all cases, however, this discretion is exercised in a manner consistent with your stated investment objectives for your account.

When we manage assets on a discretionary basis, you have given us the authority to determine the following with/without your consent:

- Securities to be bought or sold for your account,
- Amount of securities to be bought or sold for your account and
- TAMP or other third-party manager/advisers to manage your account, if applicable.

If you have not given us the authority to manage your account on a discretionary basis, then we cannot trade in your account without your prior express permission.

When selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions you have set. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Prior to assuming discretionary authority, clients must execute the Investment Advisory Agreement which grants us the authority to determine, without obtaining specific client consent for each transaction, both the amount and the type of securities to be bought and sold to help achieve the client account objectives.

For non-discretionary asset management, we provide investment recommendations but require the client's approval to proceed. Clients make the ultimate decision regarding the purchase or sale of investments.

## Item 17 – Voting Client Securities

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### Proxy Voting

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although we may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the way proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.



We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

### **Class Actions**

In addition, as a general policy, we do not elect to participate in class action lawsuits on behalf of a client. Rather, such decisions shall remain with the client or with an entity the client designates. We may help determine whether they should pursue a particular class action lawsuit by helping develop an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall rest with the client.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both more than \$1,200 and more than six months in advance of advisory services rendered.