

# Masters Legacy Planning

**ADV Part 2A, Firm Brochure**

**Dated: March 29, 2022**

**SEC File No. 801-113681**

**Chief Compliance Officer: Rachel Housel**

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**This brochure provides information about the qualifications and business practices of MLP3, LLC doing business as Masters Legacy Planning. If you have any questions about the contents of this brochure, please contact us at (609) 601-0800. 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 MLP3, LLC doing business as Masters Legacy Planning, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to MLP3, LLC or Masters Legacy Planning 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**

Since the last Annual Amendment on March 30, 2021, this Disclosure Brochure has been amended to include additional information at Item 4 regarding retirement account rollovers and management of cash positions.

**ANY QUESTIONS: Masters Legacy Planning’s Chief Compliance Officer, Rachel Housel, remains available to address any questions that an existing or prospective client may have regarding this Form ADV Part 2A, Firm Brochure.**

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#### **Item 4            Advisory Business**

- A. MLP3, LLC, which operates under the name Masters Legacy Planning (the “Registrant”) is a limited liability company formed in the State of New Jersey. The Registrant became registered as an Investment Adviser Firm on July 25, 2018. The Registrant is owned by Jacob Mack and the TSCAPS Irrevocable Trust Dated June 16, 2017. Todd Chamberlain is the Registrant’s Managing Member.
  
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT MANAGEMENT SERVICES**

The Registrant provides discretionary investment advisory services on a *fee* 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, generally negotiable to an annual maximum fee of 1.25%. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment 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 fee that is due from the client

Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives and develop an asset allocation based on a defined investment policy statement that focuses on client’s investment objectives, time horizon, and risk tolerance. Once client investment assets are allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client-designated investment objectives and may execute or recommend execution of account transactions as a result of those reviews.

Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate agreement with the client.

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

To the extent specifically requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-

investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis, and from \$125 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are required to enter into a *Financial Planning and Consulting 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, including one of the Registrant's representatives as a licensed insurance agent. (*See* disclosure at Item 10.C below). The client is under no obligation to engage the services of any such recommended professionals. 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. If, and when, the Registrant is involved in a specific matter (i.e. estate planning, insurance, accounting-related engagement, etc.), it is the engaged licensed professionals (i.e. attorney, accountant, etc.), and not the Registrant, that is responsible for the quality and competency of the services provided.

Please Also Note: It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

In connection with its financial planning offering, Registrant will, in substantially all cases, utilize the program infrastructure provided by Commonwealth Financial Network ("Commonwealth"), a SEC-registered investment adviser and broker-dealer. The Registrant provides a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting engagement will generally encompass one or more of the following areas: Investment Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

The Registrant's written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that the Registrant may refer clients to an accountant, attorney or other specialist, as necessary for non-advisory

related services. For written financial planning engagements, the Registrant provides its clients with a written summary of their financial situation, observations, and recommendations. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents requested from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

### **Portfolio Management Services**

To facilitate our portfolio management services, Registrant has entered into an agreement with Commonwealth to offer clients of the Registrant access to Commonwealth's PPS Custom Account Program and the PPS Direct Account Program. In the case of the PPS Custom Account Program, the Registrant will assist clients in the development of personalized asset allocation programs. In the case of the PPS Direct Account Program, Registrant offers the services of approved money management firms referred to as "Sub-Advisors" to assist in managing Client portfolios. Clients of Registrant who participate in one or more of Commonwealth's PPS Programs will receive Commonwealth's Form ADV Part 2 in addition to the Form ADV Part 2 for Registrant. Clients should refer to Commonwealth's Form ADV Part 2 for detailed information about Commonwealth and Commonwealth's PPS Programs. More information about Registrant's relationship with Commonwealth is provided in Item 12 of this Brochure.

### **Retirement Plan Consulting**

Utilizing program infrastructure provided by Commonwealth, Registrant offers non-discretionary advisory services to 401k and other qualified retirement plans ("Plans") for businesses, which may include, depending on the needs of the Plan client, recommending investment options for Plans to offer to participants, ongoing monitoring of a Plan's investment options, assisting plan fiduciaries in creating and/or updating the Plan's written investment policy statements, working with Plan service providers, and providing general investment education and advice to Plan participants.

### **Variable Annuity Sub-Account Management**

The Registrant offers management of no-load fee-based RIA Variable Annuities (owned by the client) which allows Registrant to manage client assets in the investment sub-accounts on a discretionary basis. Registrant, through its representatives, manages variable annuity sub-accounts in accordance with strategies similar to its other models. Registrant's representatives may provide guidance to the client with respect to the selection of an appropriate variable annuity. The insurance company that issues the variable annuity, or its outside custodian, will maintain custody of the client's funds and securities at all times. The type of discretionary authority authorized by the client will be reflected in the Registrant's Client Agreement. The representative's authority is limited to exchanges among the variable annuity investment sub-accounts. At no time will the representative have authority to withdraw funds and/or securities from the client's variable annuity account. The Client Agreement will specifically state which variable annuity policies are being managed. Registrant's representative will not receive commission compensation with respect to Client's purchase of the variable annuity product. Registrant, however, will charge a separate management fee with respect to the variable annuity assets.

**Non-Discretionary Investment Advisory Services:** When serving in a non-discretionary investment advisory capacity for a Plan, the Registrant's status is defined by Section 3(21) of the Employee Retirement Income Security Act of 1974. In this capacity, Registrant assumes no fiduciary responsibility for the completion of an investment policy statement or any aspect of the definition, selection, maintenance or replacement of any Plan investment options. In this non-discretionary role, Registrant provides information to the Plan Sponsor/Trustees regarding investment option style parameters and performance reporting. The Plan Sponsor/Trustees exercise full authority over the selection of Plan investment options and may, or may not, utilize the information provided by Registrant as part of their decision making process.

**Other Services for Employee Benefit Plans:** As part of providing the non-discretionary investment services to Plans, Registrant may provide certain information and services to the Plan and the Plan Sponsor/Trustees. These other services are designed to assist the Plan Sponsor/Trustees in meeting their management and fiduciary obligations to the Plan. The other services may consist of the following:

- Assist with Platform Provider Search and Plan Set-Up;
- Plan Review;
- Quarterly investment monitoring;
- Fiduciary compliance;
- Participant communication and education;
- Plan Fee and Cost Review;
- Acting as Third Party Service Provider Liaison;

#### **Program Choices and Conflicts of Interest**

The Registrant offers multiple advisory programs as outlined above. The specific advisory program(s) selected by the client may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account; the historical or expected size or number of trades for the account; the types of securities and strategies involved; the amount of fees, commissions, and other charges that apply at the account or transaction level; and the number and range of supplementary advisory and client-related services provided to the account. Lower fees for comparable services may be available from other sources.

Clients should be aware that the compensation to the Registrant and your advisor will differ according to the specific advisory program chosen. This compensation to the Registrant and your advisor may be more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, and/or other relevant services separately. As a result of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services offered by the Registrant and your advisor, Registrant and your advisor have a financial incentive to recommend a particular program or service over other programs or services.

As discussed in more detail in Item 10 (Financial Industry Activities and Affiliations), Registrant has chosen to partner with Commonwealth Financial Network to provide certain services, including but not limited to fee billing and account performance reporting, to Registrant and our clients. For the services it provides, Commonwealth

charges financial advisors an administrative fee at the same time clients are charged asset-based fees. The administrative fee is charged to and paid by the financial advisor rather than the advisor's clients and is calculated as a percentage of the total account assets, including cash and money market positions, held by the advisor's clients. The administrative fee covers Commonwealth's maintenance costs associated with performance reporting, account reconciliation, auditing, and quarterly statements. In the same manner as many advisors offer asset management fee discounts to their larger clients, Commonwealth offers its advisors administrative fee discounts based on their total assets under management. As advisors grow their fee-based business on which Commonwealth provides administrative services, Commonwealth's economies of scale are shared with its advisors by reducing the percentage amount of administrative fees that would otherwise be charged to the advisors. Advisors are offered discounts on the administrative fee when they reach specified asset levels, starting at \$10 million. As the amount of advisors' client assets in either their own asset management program(s) and/or Commonwealth's PPS programs grows above certain levels, advisors receive larger percentage discounts to the administrative fees than they would otherwise receive with fewer assets in Commonwealth's PPS programs.

These discounts in administrative fees and higher payouts for reaching various AUM levels present a conflict of interest because they provide a financial incentive for your advisor to recommend either their own asset management programs or Commonwealth's PPS programs over other available managed or wrap account programs that do not offer such discounts or higher payouts to your advisor.

### **BOOKKEEPING AND ACCOUNTING SERVICE**

In connection with Registrant's goal of providing substantial value to clients in specific areas, Registrant provides certain bill payment services and other administrative support. The client is under no obligation to engage Registrant in this service.

### **TAX PREPARATION SERVICE**

Registrant provides income tax preparation and tax planning advice. The Registrant coordinates certain tax preparation activity with an unaffiliated outside accounting firm. Normally, Registrant will only prepare income tax returns for individuals and small businesses. Income tax preparation services are typically offered to Registrant's advisory clients, but may be extended to other non-advisory customers as well. Fees for preparing a tax return will generally range from \$500 to \$5,000, depending on the complexity of the client's situation. Registrant's clients may be offered a discount on their tax preparation fees. Tax preparation fees are separate and are NOT included as part of any investment advisory agreement. Registrant may decline to prepare any income tax return due to the complexity and scope involved. Fees are normally assessed based on the forms associated with the client's return. As such, the more forms in a return, the higher the associated fee. There is no requirement that any advisory clients have their income tax returns prepared by the Registrant. Fees for services rendered are due after the consultations are completed.

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested

by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant may provide financial planning services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, special projects, stand-alone planning engagements, etc. for which Firm may charge a separate or additional fee). **Please Note**. Registrant believes that it is important for the client to address financial planning issues on an ongoing basis. Registrant's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Registrant. Registrant **does not** serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. Accordingly, Registrant **does not** prepare estate planning documents or any other legal documents. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Registrant as licensed insurance agents. 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 Registrant and/or its representatives. **Please Note**: If the client engages any recommended unaffiliated 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-Conflict of Interest**: The recommendation by Registrant's representative that a client purchase an insurance commission product through Registrant's representative in his separate and individual capacity as an insurance agent presents a **conflict of interest**, as the receipt of commissions or fees to be received by an affiliate provides an incentive to recommend products and/or services based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase insurance commission products through such a representative. Clients are reminded that they may purchase insurance products recommended by Registrant through other non-affiliated providers. **Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Retirement Rollovers-Potential for Conflict of Interest**: 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 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 to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee compensation on the rolled over assets. If Registrant provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Registrant is acting as 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. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant, whether it is from an employer’s plan or an existing IRA. The Registrant’s Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation.**

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange-traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be 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 the Registrant’s initial and ongoing investment advisory services. **Please Note:** In addition to Registrant’s investment advisory fee described below, and transaction and/or custodial fees discussed below, 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).

**Participation in American Funds Investment Advisory Funds Program:** Registrant participates in an American Funds investment advisory program which allows the firm to make available certain mutual funds (“Funds”) which are only available through fee based advisory programs. Clients who are invested in these Funds will pay an annual asset-based fee instead of paying commissions or sales charges. American Funds Service Company (“AFS”) serves as the transfer agent responsible for maintaining accounts and providing related transfer agency services to the clients who invest through this service. Registrant, and not AFS, is responsible for determining whether the Funds are suitable and appropriate investments for its clients. Class F-2 shares do not include a 12b-1 fee, but may have slightly higher administrative expenses, which may vary by fund. More information regarding this fund share class may be found in the Fund’s prospectus, which should be reviewed carefully before investing. Clients should carefully consider investment objectives, risks, charges and expenses associated with the Funds. This program is generally intended to accommodate smaller client accounts or as a solution for retirement account rollovers currently invested in American Funds. Additional information regarding fees is set forth at Item 5.A below.

**American Funds Model Portfolios.** Registrant also offers an American Funds Model Portfolio program in connection with the Capital Group/ American Funds, an unaffiliated SEC registered investment adviser. This service is a turnkey mutual fund wrap program offered in association with Commonwealth’s Preferred Portfolio Services Direct Mutual Fund platform. In connection with this program, the Registrant assists participating clients by matching their risk tolerance, time horizon and investment objectives with the appropriate American Funds model portfolios. Model portfolios are then managed by Capital Group/American Funds in conjunction with Commonwealth investment management teams. Capital Group/American Funds and Commonwealth also provide ongoing monitoring and portfolio rebalancing services. Additional information regarding fees is set forth at Item 5.A below.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, 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, investment performance, fund manager tenure, style drift, 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 Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s). Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Please Note: Cash Positions.** Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Fee Differentials:** As discussed above and indicated below at Item 5, The Registrant shall generally price its advisory services to a maximum annual fee of 1.25%, based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, the particular advisory program selected and the level and scope of the overall investment advisory services to be rendered, and client negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Before engaging Registrant to provide investment advisory services, clients are required to enter into a discretionary Investment Advisory Agreement, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

**Custodian Charges-Additional Fees:** As discussed below at Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Commonwealth and National Financial Services, LLC ("NFS") serve as the broker-dealer and custodian for client investment management assets. Broker-dealers such as Commonwealth charge transaction fees for effecting securities transactions, including commissions for individual equities, bonds, ETFs and mutual funds. In addition to Registrant's investment advisory fee referenced in Item 5 below, the client will also incur transaction fees to purchase securities for the client's account (i.e., mutual funds, exchange traded

funds, and individual equity and fixed income securities purchased by Registrant). When evaluating the use of, or recommending, Commonwealth and or National Financial Services, LLC as a broker-dealer/custodian, the Registrant considers several factors, including the quality of services provided and order execution capability.

**Service Agreement:** The Registrant has entered into a Service Agreement with Commonwealth. As part of this Service Agreement, Commonwealth provides services which may include, but are not limited to:

- opening, maintenance and general administration of investment advisory client accounts
- access to a trading platform through which Registrant may purchase and sell securities for client accounts
- providing custodial reports for client accounts no less frequently than quarterly
- access to Commonwealth's reporting system, which among other items, allows the Registrant to aggregate and report on a client's non-managed assets

This service provided by Commonwealth also includes Plaid periodic comprehensive reporting services, which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Registrant (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets.** Unless otherwise specifically agreed to, in writing, Registrant's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Registrant is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Registrant does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Registrant is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Registrant provide investment management services for the Excluded Assets, the client may engage Registrant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between Registrant and the client.

**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 Registrant) will be profitable or equal any specific performance level(s).

**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 their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV, along with our Form CRS, shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

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.

D. **Wrap/Separate Managed Account programs services:**

The Registrant may recommend certain programs offered by Commonwealth, which programs are considered "wrap fee" programs in which the client pays a specified fee (known as a "wrap fee") for portfolio management services and trade execution. Wrap fee programs differ from non-wrap fee programs in that the asset management fee structure for wrap programs is intended to be largely all-inclusive, whereas non-wrap fee programs assess trade execution costs that are typically in addition to the asset management fee. The PPS Direct program offered by Commonwealth is a wrap fee program where the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. PPS Direct is managed in accordance with the investment methodology and philosophy used by the respective third-party portfolio manager, investment adviser, or strategist.

In the event that Registrant is engaged to provide investment advisory services as part of such an unaffiliated wrap-fee program, Registrant will be unable to negotiate commissions and/or transaction costs. Participation in a wrap program may cost the participant more or less than purchasing such services separately. The program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts. **Please Note:** In these type of engagements, the unaffiliated investment advisers that engage Registrant's services shall maintain both the initial and ongoing day-to-day relationship with the underlying investor, including initial and ongoing determination of the of the investor's suitability for Registrant's designated investment strategies. In addition, since the custodian/broker-dealer is determined by the unaffiliated program/platform sponsor, Registrant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, the investor 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 through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance.

For the investment advisory services provided to you by Commonwealth and your advisor, Commonwealth and your advisor receive a portion of the wrap fees you pay when you participate in any wrap fee program through Commonwealth.

**For more information relating to Commonwealth's wrap fee programs, please refer to Appendix 1 of Commonwealths ADV Part 2A, titled "The Wrap Fee Program Brochure."**

- E. As of December 31, 2021, the Registrant had \$202,324,248 in assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT MANAGEMENT SERVICES**

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under the Registrant's management, generally negotiable to a maximum annual management fee of 1.25%. Our pricing of investment management for variable annuity sub-accounts is also subject to this fee range.

**Fee Differentials.** Because we shall generally price our advisory services based upon various objective and subjective factors, our clients could pay diverse fees based upon a combination of factors, including but not limited to anticipated future earning capacity anticipated future additional assets, the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and negotiations with the client. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding advisory fees**

**American Funds Investment Advisory Funds Program:** AFS deducts fees from participating client accounts in accordance with the Direct Fee Tiered Rate Schedule set forth below. Fees are calculated quarterly by AFS based upon the tiered rate schedule with respect to the client's cumulative asset value (based upon all account types and fund shares classes) held on the last day of each quarter. The quarterly fee is also determined in consideration of the average daily net asset value of the client assets invested in F-2 Shares during the quarter. This value is then divided the number of days in the year multiplied by the number of days in the quarter. Fees are payable within thirty (30) days following the end of the quarter for which such fees are

payable. Compensation paid to the Registrant is in accordance with the following schedule:

| <u>Quarter-End Client Cumulative Plan Asset Value</u> | <u>Advisory Fee</u> |
|---|---------------------|
| \$0.00 - \$199,999.99                                 | 75 basis points     |
| \$200,000.00 - \$499,999.99                           | 60 basis points     |
| \$500,000.00 - \$999,999.99                           | 50 basis points     |
| \$1,000,000.00 and above                              | 35 basis points     |

**American Funds Model Portfolios Program:** Participating clients pay an annual adviser fee and an annual program fee based on the value of their account. The Registrant's maximum annual fee shall not exceed 2.0%. The annual program fee portion is subject to the following schedule:

| <u>Quarter-End Client Cumulative Plan Asset Value</u> | <u>Advisory Fee</u> |
|---|---------------------|
| \$0.00 - \$249,999.99                                 | 25 basis points     |
| Next \$250,000.00 - \$499,999.99                      | 20 basis points     |
| Next \$500,000.00 - \$999,999.99                      | 15 basis points     |
| \$1,000,000.00 and above                              | 10 basis points     |

Please note that the program fee includes portfolio costs and transaction fees, but not the underlying mutual fund expense ratios. This fee also includes the portfolio manager fee, trading costs, and service fees. Please Also Note: This program is subject to a \$5,000 minimum account size.

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

To the extent specifically requested by a client, the Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis, and from \$125 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. The account management fee will be payable first from free credit balances, money market funds, or cash equivalents, if any, and second from the liquidation of a portion of the client's securities holdings, pursuant to the discretionary authority granted by the client to

Registrant. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. 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.

- C. As discussed above, and more particularly described at Item 12 below, and unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Commonwealth and NFS serve as the broker-dealer and custodian for client investment management assets. Broker-dealers such as Commonwealth charge brokerage commissions and/or 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 fixed income securities transactions). In addition to Registrant's investment management 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). Please Note: The brokerage commissions and/or transaction fees charged by Commonwealth may be higher or lower than those charged by other broker-dealers/custodians.

Information describing the brokerage fees and charges that are applicable to a Commonwealth brokerage or Registrant managed account is provided on Commonwealth's Schedule of Miscellaneous Account and Service Fees, which is available on Commonwealth's website at [www.commonwealth.com/clients/media/Commonwealth\\_Brokerage\\_Fee\\_Schedule.pdf](http://www.commonwealth.com/clients/media/Commonwealth_Brokerage_Fee_Schedule.pdf).

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a particular fund may not be offered through our clearing firm or made available by Registrant for purchase within our managed accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

Registrant urges clients to discuss with their advisor whether lower-cost share classes are available in their particular program account. Clients should also ask their advisor why the particular funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your advisor may

recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

The purchase or sale of transaction-fee (“TF”) funds available for investment through Registrant will result in the assessment of transaction charges to you, your advisor, or Commonwealth. Although no-transaction-fee (“NTF”) funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost Commonwealth or the Registrant less than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

The existence of various fund share classes with lower internal expenses that Registrant may not make available for purchase in its managed account programs present a conflict of interest between clients and Registrant. A conflict of interest exists because Registrant has greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to Registrant that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients or to the Registrant, a conflict of interest exists because the Registrant has a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based on the market value of the assets on the last business day of the previous quarter

The Investment Advisory 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 Investment Advisory Agreement. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

Registrant allows for the aggregation of “related” accounts under our management for the purposes of calculating your advisory fee. For example, the values of managed accounts belonging to immediate family members may be combined in an effort to achieve a lower management fee for all aggregated accounts. Registrant reserves the right to determine which accounts are “related” for the purposes of aggregate fee billing.

- E. Neither Registrant, nor its employees accept compensation for 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, high net worth individuals, business entities, trusts, estates and charitable organizations. The Registrant does not require a minimum asset level or impose a minimum annual fee for investment advisory services. As indicated above, the Registrant shall generally price its advisory services to a maximum annual fee of 1.25 %, based upon various objective and subjective factors.

As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, the particular advisory program selected and the level and scope of the overall investment advisory services to be rendered, and client negotiations. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

A. The Registrant may utilize the following methods of security analysis:

- **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)  
Fundamental Analysis is a *method* of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (e.g., the overall economy and industry conditions) and company-specific factors (e.g., financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor 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). This method of security analysis is considered to be the opposite of technical analysis".
- **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)  
Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value. Instead, they use charts and other tools to identify patterns that can suggest future activity. When looking at individual equities, a person using technical analysis

generally believes that performance of the stock, rather than performance of the company itself, has more to do with the company's future stock price. It is important to understand that past performance does not guarantee future results.

- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**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. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

B. The Registrant's method of analysis does not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various mutual funds (including closed end funds) and exchange traded funds ("ETFs") (individual equities (stocks), and debt instruments (bonds) on a discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of a disciplinary action.

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

- A. Neither the Registrant, nor its representatives, are registered' or have an application pending to be registered, 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 entities.
- C. **Licensed Insurance Agents.** One of the Registrant's representatives is, in his separate individual capacity, a licensed insurance agent. As discussed above, clients can choose to engage this representative in his individual capacity to effect the purchase of insurance products on a commission basis.

**Conflict of Interest:** The recommendation by Registrant's representatives, that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated licensed insurance agents. **The Registrant's Chief Compliance Officer, Rachel Housel, remains available to**

**address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. As described in Item 4, Registrant offers clients the investment advisory programs and/or services of Commonwealth Financial Network. Should clients be offered one or more of these programs, clients are advised that your advisor and Commonwealth will receive compensation pursuant to your participation in Commonwealth's programs. The advisory fees associated with these programs may be higher or lower than advisory fees for similar programs with other investment advisors. Registrant and Commonwealth have a conflict of interest in recommending that you participate in these programs given the compensation that will be received. Registrant performs reasonable due diligence on Commonwealth on both an initial and ongoing basis. We attempt to mitigate this conflict by providing you with this disclosure document and noting that clients may be able to receive similar services for less cost from other providers.

#### **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 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 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. Thereafter, the Access Person shall provide the Chief Compliance Officer or his/her designee with a written report each quarter detailing the Access Person's personal account transactions. Each Access Person must also 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. However, if at any time 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 conflict of interest. As indicated above in Item 11C, 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 Commonwealth and NFS. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment 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 Commonwealth and NFS (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 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 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 management fee.

1. Research and 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 Commonwealth or NFS (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 provide 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.

As noted above in Item 4, Registrant has entered into an agreement with Commonwealth, to offer Commonwealth's programs to clients of Registrant. As part of this agreement, Commonwealth provides various services to Registrant and to the clients of Registrant including, but not limited to, account opening, cashiering, trading, fee debiting, and technology support. Registrant will pay Commonwealth an administrative fee, subject to change from time to time, in return for receiving the above services. Clients should be aware that the recommendation of Commonwealth's programs by Registrant presents a conflict of interest in that the administrative fee paid to Commonwealth will be reduced should Registrant reach various levels of assets under management in Commonwealth's program.

Further, as described in Item 4, Registrant may offer clients the investment advisory programs and/or services of Commonwealth. Should clients be offered one or more of these programs, clients are advised that Registrant and Commonwealth will receive compensation pursuant to your participation in Commonwealth's programs. The advisory fees associated with these programs may be higher or lower than advisory fees for similar programs with other investment advisors. Registrant and Commonwealth have a conflict of interest in recommending that you participate in these programs given the compensation that will be received. We attempt to mitigate this conflict by providing you with this disclosure document and noting that clients may be able to receive similar services for less cost from other providers.

Registrant has also adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to clients, the Firm and our personnel endeavor at all times to put the interests of the clients first, recommendations will only be made to the extent that they are reasonably believed to be in the best

interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through this Brochure, client agreement and/or verbally prior to or at the time of entering into an agreement. Clients are not obligated to implement recommended transactions through any Registrant personnel or any particular insurance carrier. Clients have the option to purchase any recommended insurance products carriers or agents other than Registrant's personnel.

Our relationship with Commonwealth requires that we maintain a certain level of assets within Commonwealth's program. This creates an incentive to recommend that you establish and maintain your account with Commonwealth, based on our interest in receiving Commonwealth's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. To mitigate the conflict, this disclosure is provided to you. As a fiduciary, we must act in your best interests. We believe that our selection of NFS (via Commonwealth) as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Commonwealth's services and not Commonwealth's services that benefit only us.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Commonwealth as a result of this arrangement. There is no corresponding commitment made by the Registrant to Commonwealth or NFS, 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 a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest that it creates.**

2. The Registrant does not receive referrals from broker-dealers.
3. 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 managed by Registrant. As a result, 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.

**The Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management 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 supervisory services, account reviews are conducted on a periodic basis by the account advisor(s), at least annually. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning 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. You should compare the report with statements received directly from the account custodian(s). Should there be any discrepancy; the account custodian’s report will prevail.

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

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

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Commonwealth or NFS as a result of this arrangement. There is no corresponding commitment made by the Registrant to Fidelity 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 a result of the above arrangement.

Commonwealth offers our firm and our firm's advisory representatives one or more forms of financial benefits based on our advisory representatives' total AUM held at Commonwealth. The types of financial benefits that our advisory representatives may receive from Commonwealth include, but are not limited to, enhanced payouts and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

**The Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangements.**

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

## **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. 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.

**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.

**Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

**Please Also Note: Custody Situations:** The Registrant engages in other practices and/or services on behalf of Registrant's clients that require Registrant's disclosure at ADV Part 1, Item 9. Some of such practices and/or services are subject to an annual

surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

## **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, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as 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.).

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which 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.
- 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.

As a matter of firm policy, neither Registrant nor its representatives have or will accept the authority to file class action claims on behalf of clients. This policy reflects Registrant's recognition that it does not have the requisite expertise to advise clients with regard to participating in class actions. Registrant and its advisors have no obligation to determine if securities held by the client are subject to a pending or resolved class action settlement or verdict. Registrant and its advisors also have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Registrant and its advisors have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured because of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients. The decision to participate in a class action or to sign a release of claims when submitting a proof of claim may involve the exercise of legal judgment, which is beyond the scope of services provided to clients by Registrant or your advisor. In all

cases, clients retain the responsibility for evaluating whether it is prudent to join a class action or to opt out.

**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.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Rachel Housel, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**