



## PART 2A OF FORM ADV - FIRM BROCHURE

### Item 1. Cover Page

for

### Detalus Advisors, LLC

383 Marshall Avenue, St. Louis, MO 63119

Telephone: (314) 997-3191

Email: [clewis@detalus.com](mailto:clewis@detalus.com)

Web Address: [www.detalus.com](http://www.detalus.com)

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*This Brochure provides information about the qualifications and business practices of Detalus Advisors, LLC. If you have any questions about the contents of this Brochure, please contact Clint Lewis, Chief Compliance Officer, at [clewis@detalus.com](mailto:clewis@detalus.com) or (314) 997-3191. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*Additional information about Detalus Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by an identifying number, known as a CRD number. Our firm's CRD number is 117958.*

## **Item 2. Material Changes**

Since the last update on March 20, 2024, changes were made to Items 12 and 14 to reflect Detalus Advisors, LLC utilizing Charles Schwab & Co., Inc., a registered broker-dealer, member SIPC, as a qualified custodian.

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## Item 4. Advisory Business

Detalus Advisors, LLC (“Adviser” or “Detalus”) is an SEC-registered investment adviser with its principal place of business located in St. Louis, Missouri. Adviser began conducting business in 2001. Detalus maintains the following principal owner, defined as owning 25% or more of the firm: Clinton J. Lewis. Adviser offers the following services to its clients:

### PORTFOLIO MANAGEMENT SERVICES FOR INDIVIDUAL INVESTORS

#### **Wealth Management**

Adviser provides financial advisory services to individuals, families, businesses, nonprofit organizations, and profit-sharing plans, each with diverse investment goals and objectives. You (as the client) and your Detalus adviser collaborate throughout the investment process to work towards your financial goals. The following steps detail the typical advisory relationship process:

#### **1. Consultation Meeting**

At the beginning of the advisory relationship, your Detalus adviser holds consultation meetings to gather information needed to establish an investment strategy that best suits you, your family, and any related businesses. Topics discussed generally include your background, age, health, family situation, existing investments, financial expectations, legal, social and regulatory concerns, and your overall views on the world of investing. Your Detalus adviser walks you through the steps to ensure that you are comfortable and confident with your portfolio and investment choices throughout the process.

#### **2. Creation of the Investment Policy Statement (IPS)**

A summary of this information, as well as the proper allocation and distribution of your assets, is included in your Investment Policy Statement (“IPS”). Your IPS provides the foundation for making disciplined investment decisions. While long-term in nature, your IPS will be reviewed and modified as necessary.

#### **3. Portfolio Implementation**

Your Detalus adviser then creates a portfolio tailored to the guidelines set forth in your IPS. Adviser combines external research with internal evaluations to determine the appropriate selection of investments. Investments may include common and preferred stocks, fixed income securities (including government, municipal, mortgage-backed and corporate bonds), open- and closed-end mutual funds, exchange-traded funds (ETFs), money market funds, and alternative investments.

#### **4. Portfolio Monitoring**

Following the investment of assets, your Detalus adviser regularly monitors your portfolio for adherence to the objectives established in your IPS. Should a change in guidelines or investments be warranted, Adviser will discuss the possibility of amending your IPS or rebalancing your asset mix.

#### **5. Portfolio Reporting**

Advisory clients have access to electronic, customized portfolio summary reports on a quarterly basis. These reports can be accessed via a secure online portal or requested directly from Adviser. These reports include portfolio-specific details, including performance, holdings, asset allocation, and market value. Depending on a client’s preferences, Detalus advisers are also available on a more frequent basis for portfolio and market updates.

#### **Asset Allocation & Investment Strategies**

Detalus’ proprietary Qualified, Tax-Aware, Growth & Income, and Long-Horizon Investment Strategies include Fixed Income to Aggressive allocations.

Each Strategy is an actively managed, globally diversified portfolio of 4-20 mutual funds and ETFs. Adviser begins with a strategic allocation to the major asset classes (cash, fixed income, U.S. equity, international equity, and real asset / alternative). Each Strategy is designed to capture capital gains and/or income in pursuit of a client’s long-term investment goals. Clients may be required to complete one or more questionnaires to assist Adviser in determining the client’s appropriate risk level. In managing the mutual fund portion of these strategies, Adviser will typically seek to use no-load and no transaction fee mutual funds available through the client’s custodian/broker.

When selecting the particular class of mutual fund shares in which clients will invest, Adviser will consider the available facts, including investment time horizon, applicable eligibility requirements such as required minimum investment amounts, and overall fees to be paid by client in order to select an appropriate class of shares for clients.

To assist our investment team, Detalus has engaged with BlackRock Fund Advisors to access their Outside Chief Investment Officer (OCIO) service. This OCIO service allows Detalus to develop and receive custom investment strategy portfolio allocations for our clients. By engaging with BlackRock, our internal team maintains access to additional data and a third-party source for idea generation, market analysis, and security analysis to further enhance our investment portfolios.

### ***Information About All Strategies***

To ensure that a particular investment Strategy remains suitable for a client and continues to be managed in a manner consistent with the client's financial circumstances, Adviser will:

- Send written requests, on a quarterly basis, to participating clients requesting updated information regarding changes in the client's financial situation and investment objectives;
- Contact each participating client, at least annually, to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions; and
- Ensure that a portfolio manager who is knowledgeable about the management of client's portfolio is reasonably available to consult with participating clients.

### **WRAP FEE PROGRAM**

Adviser has partnered with Marstone, LLC ("Marstone"), an SEC-registered investment adviser, to provide online financial management of client accounts through a secured internet portal (the "Detalus Digital Program" or the "Program"). The Detalus Digital Program offers discretionary account management using various model portfolio strategies that invest primarily in exchange-traded funds. In managing Program accounts, Adviser receives the entire asset-based fee paid by the account and out of this fee pays (a) Marstone for its services and (b) all of the Program account's brokerage, transaction, and custodial expenses. In contrast, in providing the portfolio management services described in this Brochure, the client (outside of the wrap fee program) is typically responsible for paying any brokerage, transaction, and custodial expenses.

For information about the Program, please see Adviser's Wrap Fee Program Brochure (Appendix 1 to Form ADV, Part 2A), which is available for free by contacting Adviser at (314) 997-3191 or [clewis@detalus.com](mailto:clewis@detalus.com).

### **SELECTION OF OTHER ADVISERS**

Detalus may direct clients to third-party investment advisers. Before selecting other advisers for clients, Detalus will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where Detalus is recommending the adviser to clients. This relationship will be memorialized in each contract between Detalus and the third-party adviser, as well as with the client.

### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2023, Detalus has \$1,852,936,975 of combined assets under management (AUM) and assets under advisement. This total includes \$486,768,534 of client AUM that Detalus manages on a discretionary basis and \$201,104,944 of AUM managed on a non-discretionary basis.

## Item 5. Fees and Compensation

### **Individual Investor Investment Advisory Services (Wealth Management Clients)**

**Portfolio Management Services.** Adviser's annual fee for its portfolio management services is based upon a percentage of assets under management, according to the following schedule:

| <b>Market Value of Portfolio</b> | <b>Annual Fee</b> |
|----------------------------------|-------------------|
| Up to \$499,999                  | 1.25%             |
| \$500,000 - \$1,999,999          | 1.00%             |
| \$2,000,000 - \$3,999,999        | 0.75%             |
| \$4,000,000 - \$6,999,999        | 0.65%             |
| \$7,000,000 - \$9,999,999        | 0.50%             |
| \$10,000,000 - \$14,999,999      | 0.45%             |
| \$15,000,000 - \$19,999,999      | 0.40%             |
| \$20,000,000 and above           | 0.35%             |

Adviser's fee is based on portfolio size. Adviser's fee includes investment advice, overall asset allocation, portfolio management, and reporting related to the portfolio. Mutual funds and ETFs in which the portfolio invests will charge fees and bear expenses as set forth in the respective prospectus. Executing brokers typically charge commissions to execute trades in a client's accounts.

**Variable Annuities-Advisory Services.** Adviser typically charges an annual asset-based fee of 0.50% to 1.00% for services with respect to variable annuities. Adviser's fee includes monitoring the variable annuity investment and recommending allocations to the client. Variable annuities are subject to various fees assessed by the insurance company and the managers of the underlying annuity subaccounts, which are in addition to Adviser's management fee. Under most circumstances, the terms of the client's variable annuity investment will not permit Adviser to deduct its advisory fee directly from the variable annuity account. In these cases, Adviser will arrange with the client to have Adviser's fee deducted from another client account or to have the client pay the fee directly to Adviser.

**ERISA Plan Advisory Services.** Adviser's fee for its advisory services provided to ERISA plans may be based upon a percentage of assets under management or may be a flat fee. ERISA plans may be billed in advance or in arrears, and fees may be charged directly to the participants or to the company itself. The range of fees is typically 0.25% to 0.75% annually, and Adviser retains the discretion to negotiate fees on a plan-by-plan basis.

### **General Fee Information**

Although Adviser has established the fee schedules above, Adviser retains the discretion to negotiate fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining the appropriate fees. These include, among other things, the complexity of the client assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and required reports. The annual fee schedule applicable to each client is identified in the Investment Advisory Agreement between Adviser and the client (the "Advisory Agreement").

Unless otherwise mutually agreed upon, Adviser's advisory fees are billed quarterly in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Any account contributions and/or withdrawals exceeding \$25,000 throughout the prior quarter will also be billed or reimbursed to the client's account. Fees will be debited from clients' accounts in accordance with the client's authorization in the Advisory Agreement.

**Termination of the Advisory Relationship.** An Advisory Agreement may be canceled by either party, for any reason, upon written notice (generally with 30 days advanced notice). Please see your Advisory Agreement for any advanced notice requirements that may apply. Upon termination of any client's account, any prepaid,

unearned fees will be promptly refunded by Adviser. When calculating a client's reimbursement, Adviser will prorate fees owed through the effective date of termination.

**Fees of Other Investment Companies.** All fees paid to Adviser for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, closed-end funds and ETFs in which a client's assets may be invested. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution (12b-1) fee. Certain mutual funds may also charge initial or deferred sales charges. Clients should review both the fees charged by the funds in which the client's assets are invested and Adviser's advisory fees to fully understand the total amount of fees paid in connection with the advisory services Adviser provides.

**Brokerage, Transaction and other Additional Fees and Expenses.** In addition to Adviser's advisory fees, clients are also responsible for the fees and expenses charged by custodians and securities transaction fees, IRA custodial fees, and ticket and/or transaction and clearing charges imposed by broker-dealers. Please see "Item 12. Brokerage Practices" for additional information.

The Funds are generally required to pay all expenses related to their organization, operation, and offering of interests. Please see each Fund's Governing Documents for additional information.

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

Adviser does not charge performance-based fees.

## Item 7. Types of Clients

Adviser typically provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Charitable, non-profit organizations
- Insurance companies
- Pension and profit sharing plans
- Corporations or other businesses not listed above

There is no minimum account size requirement for traditional Wealth Management advisory services. There is a \$2,500 minimum account size requirement to participate in the Detalus Digital Program (see "Wrap Fee Program" language previously referenced).

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

### METHODS OF ANALYSIS

Adviser uses the following methods of analysis in formulating its investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, Adviser reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** Adviser attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if a company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** Adviser analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis.** Adviser uses mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** Adviser subjectively evaluates non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predicts changes to share price based on that data. A risk in using qualitative analysis is that Adviser's subjective judgments may prove incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, Adviser attempts to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Risks for All Forms of Analysis.** Adviser's securities analysis methods rely on the assumption that the companies whose securities Adviser recommends, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. There is always a risk that Adviser's analysis may be compromised by inaccurate or misleading information. Investing in securities involves risk of loss that clients should be prepared to bear.

**Fixed Income Analysis.** In recommending fixed income securities to financial institution clients, Adviser typically considers the fixed income sectors represented in the Barclays Capital Aggregate Bond Index. Adviser may recommend securities in those areas of the bond market that Adviser believes to be relatively undervalued, based on quality, sector, coupon or maturity. Adviser seeks to identify fixed income sectors that it believes are favorable to clients and have favorable prospects for future performance, based on recent performance, monetary policy, investor sentiment, market momentum, business fundamentals, business cycles, and/or market cycles. Once Adviser identifies a sector that is outperforming or has the potential to outperform the market as a whole, Adviser seeks individual fixed income securities based on its review of the issuer's current and historical spreads to comparable Treasury securities, and fundamental analysis of issuer's future prospects.

Adviser may recommend non-investment grade fixed income securities, private placements, and private debt or other interests in regional and community banks.

**Reliance on Third Party Ratings.** Adviser's securities analysis methods rely on the assumption that the companies whose securities Adviser recommends, the rating agencies that review these securities, and other publicly-available sources of information about these securities are providing accurate and unbiased data. Adviser recognizes that these data may be incorrect, and that there is always a risk that Adviser's analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

Adviser may use the following strategies to manage client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** Adviser purchases securities with the view to hold them in a client's account for a year or longer. Typically, Adviser employs this strategy when:

- It believes the securities are currently undervalued, and/or
- It is seeking exposure to a particular asset class over time, regardless of the current projection for this class.

The risk of a long-term purchase strategy is that by holding the security for the long-term, Adviser may not take



advantage of short-term gains that could be profitable to a client. Moreover, if Adviser's predictions are incorrect, a security may decline sharply in value before Adviser makes the decision to sell.

**Short-term purchases.** When utilizing this strategy, Adviser purchases securities with the view to sell them within a relatively short time (typically a year or less). Adviser employs this strategy to take advantage of conditions that it believes will soon result in a price swing in the securities Adviser purchases.

**Option writing.** *With the client's preapproval,* Adviser's Strategies may involve the use of options. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts:

- A call gives the owner the right to buy a security at a certain price within a specific period of time. Adviser may buy a call if it believes that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Adviser may buy a put if it believes that the price of the stock will fall before the option expires.

Adviser may use options to "hedge" the purchase of an underlying security in a client's portfolio by limiting the potential upside (and downside) of a security.

Adviser may seek to reduce the volatility of clients' portfolios by selling covered call options. Adviser's options strategy is commonly referred to as "hedging." When a client sells a covered call option, the purchaser of the option has the right to buy that stock at a predetermined price (exercise price) during the life of the option. If the purchaser exercises the option, the client must sell the stock to the purchaser at the exercise price. The option is "covered" because the client owns the stock at the time it sells the option. As the seller of the option, the client receives a premium from the purchaser of the call option, which may provide additional income to the client. The selling of covered call options may tend to reduce volatility of the client's portfolio because the premiums received from selling the options will reduce any losses on the underlying securities, but only by the amount of the premiums. However, selling the options will also limit the potential for gain on the underlying securities.

**55ip's ActiveTaxSM Technology.** 55ip is an industry-leading platform that Detalus has engaged with to deliver more tax-advantaged outcomes for clients. As Detalus transitions portfolios to a more effective tax-advantaged allocation, 55ip will assist with optimizing the execution of allocation strategies for tax-smart investing to help reduce the client's tax burden.

## RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear, including the risk that the entire amount invested may be lost. Based on certain of the specific securities that Adviser may recommend, below are some more specific risks of investing:

- **Equity Risk.** Equity securities tend to be more volatile than other investment choices. The value of an individual security can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies.
- **Investment Company Risk.** Mutual funds, closed-end funds, and ETFs ("funds") invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. Funds may also invest in equity securities of any market capitalization including micro, small, and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and may engage in leveraged or derivative transactions. An investment in a fund is subject to the same risks as the underlying securities held by the fund in addition to management risk. Adviser has no control over the investment strategies, policies or decisions of the underlying funds and, in the event of dissatisfaction with such a fund, Adviser's only option would be to liquidate clients' investments in that fund. Client accounts invested in funds will indirectly bear the fees and expenses payable by the fund, which may be duplicative. ETFs and closed-end funds are subject to additional risks, including the risk that the market price of the shares of

the ETF or closed-end fund may be above or below the fund's net asset value.

- **Foreign Securities Risk.** Funds in which clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Municipal Securities.** Municipal securities carry different risks than those of corporate government and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.
- **Alternative Investments in Private Funds.** Hedge funds, as well as private equity, venture capital, private real estate, private debt and other private partnerships typically engage in highly speculative trading strategies. These private funds are illiquid, their assets may also be illiquid, and their performance results can be extremely volatile. Alternative funds may rely substantially on fair valuation techniques, which are subjective, and there is no guarantee that the client would realize proceeds equal to fair value upon the sale of a security. Investments in alternative funds are illiquid, and the assets of the funds also may be illiquid. Private funds typically charge higher management fees and performance fees, and these funds also incur their own operating expenses, which may be substantial.
- **Fixed Income Risks**

**Credit Risk.** The issuer of a fixed income security may not be able or willing to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation.

**Change in Rating Risk.** If a rating agency gives a debt security a lower rating, the value of the debt security will typically decline because investors will demand a higher rate of return.

**Interest Rate Risk.** As nominal interest rates rise, the value of fixed income securities held by a client is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate. Inflation-indexed securities, including Treasury Inflation-Protected Securities ("TIPS"), decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation-indexed securities may experience greater losses than other fixed income securities with similar duration.

**Duration Risk; Illiquidity.** Prices of fixed income securities with longer effective maturities and durations are more sensitive to interest rate changes than those with shorter effective maturities and durations. Fixed income securities may be illiquid, and the valuation of fixed income securities is subjective. It is possible that a client could lose its entire investment in such securities.

**Prepayment and Extension Risk.** As interest rates decline, the issuers of securities held by a client may prepay principal earlier than scheduled, forcing the client to reinvest in lower yielding securities. As interest rates increase, slower than expected principal payments may extend the average life of fixed income securities, locking in below-market interest rates and reducing the value of these securities. To the extent that a client invests in mortgage-backed securities, there is a greater risk that the client will lose money due to prepayment and extension risks associated with these securities.

**Premium/Discount Risk.** When a client buys a fixed-income security at a premium to its face value, it

will be subject to the risk that the entire coupon (interest rate) may be paid out as a dividend. Over time the value of the client's portfolio may decline, because the premium on the fixed income security declines as it approaches maturity (at maturity the market price of a fixed income equals its face value). The declining premium lowers the value of the security in the client's portfolio. Thus the client may have attained a higher payout over the life of the fixed income, but at the expense of an erosion in the value of such security over time. Premium erosion is most frequent among government and investment-grade corporate bond funds.

**Subordination Risk.** Certain fixed-income securities are subordinated or may be subordinated in right of payment and rank junior to other securities issued by, or loans made by obligors. If an obligor experiences financial difficulty, holders of its more senior securities will be entitled to payments in prior to a client.

**Lack of Public Information.** There may be less readily available and reliable information about private debt than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

- **U.S. Government and Agency Securities.** Adviser may invest in U.S. Government securities. U.S. Government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. Government securities may be supported by the full faith and credit of the United States. If a U.S. Government agency or instrumentality defaults and the U.S. Government does not stand behind the obligation, the securities could decline in value. Securities of U.S. Government-sponsored entities, such as Freddie Mac or Fannie Mae, are neither issued nor guaranteed by the U.S. Government.
- **Mortgage- and Asset-Backed Securities Risk.** Mortgage-related securities include pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose a client to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Asset-backed securities typically are supported by some form of credit enhancement, such as a letter of credit, surety bond, limited guaranty, or senior subordination. The degree of credit enhancement varies, but generally amounts to only a fraction of the asset-backed security's par value until exhausted. If the credit enhancement is exhausted, certificate holders may experience losses or delays in payment if the required payments of principal and interest are not made to the trust with respect to the underlying loans. The value of these securities also may change because of changes in the market's perception of the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing the credit enhancement. In addition, these securities also may be subject to prepayments which may shorten the securities' weighted average life and may lower their returns.
- **Junk Bond Risk.** A client may be subject to greater levels of credit risk as a result of investing in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds"). These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a client's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, the client may lose its entire investment.

## Item 9. Disciplinary Information

Adviser is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of Adviser's advisory business or the integrity of Adviser's management. The Adviser has no legal or disciplinary events to report.

## Item 10. Other Financial Industry Activities and Affiliations

**Common Control.** Adviser is under common control with *Detalus Insurance Services, LLC*. Management personnel and related persons of Adviser may be separately licensed as insurance representatives of affiliated firm Detalus Insurance Services, LLC (wholly-owned by Detalus Advisors).

As such, Detalus Insurance Services, LLC and Adviser's personnel who are licensed insurance agents are eligible to receive commissions for the sale of insurance products, including those recommended to Adviser's clients. This presents certain conflicts of interest for Adviser and its personnel who are licensed to sell insurance products. Because Adviser's affiliate and certain of its personnel receive commission for the sale of insurance products, they have an incentive to recommend the purchase of insurance products that pay them commissions over other investments and insurance products that pay no (or lower) commissions. Adviser addresses this conflict by fully disclosing to clients that Adviser's personnel and/or Adviser's affiliate will receive a commission from the sale of insurance products. Commissions from insurance products are separate from investment advisory fees.

Clients may purchase insurance products recommended by Adviser, its personnel, or Detalus Insurance Services, LLC through other agents that are not affiliated with Adviser. Other insurance agents and agencies may charge more or less for these insurance products and services. Clients are under no obligation to purchase insurance products through Detalus Insurance Services, LLC or Adviser's personnel in order to receive Adviser's advisory services. Adviser's advisory fees will not be reduced to offset the payment of insurance commissions paid to Detalus Insurance Services, LLC or Adviser's personnel.

**Potential Conflicts of Interest.** Where appropriate, Adviser and its employees may recommend affiliated companies to provide services to advisory clients (see 'Common Control' pertaining to Detalus Insurance Services, LLC), and affiliated companies may recommend Adviser. Adviser's Principals and employees may be entitled to receive salaries, bonuses, referral fees, and equity distributions from Adviser and one or more of its affiliated companies. Clients should be aware that the receipt of additional compensation by Adviser and its Principals or employees creates a conflict of interest that may impair the objectivity of Adviser and these individuals when making advisory recommendations. Adviser strives to put the interest of its clients first as part of its fiduciary duty as a registered investment adviser and to provide disclosure of conflicts of interest where they exist.

From time to time, Adviser's employees may purchase securities for their own personal accounts and accounts of family members, which securities are also purchased on behalf of clients. Generally, Adviser's employee accounts may be invested in similar investment strategies as clients. In these instances, block trading may be used, which means that orders are aggregated and securities are allocated among clients' and employees' accounts on a pro rata, average price per share basis.

**BlackRock.** Our engagement with BlackRock Fund Advisors could be considered a conflict of interest due to the use of BlackRock and/or iShare investment products in our portfolios. We continuously monitor product/security performance to alleviate any conflict when using BlackRock products and/or services.

**Principals Serving as Directors and Advisors of Outside Businesses, Banks, and Bank Holding Companies.** Steven Rull, an Owner of Adviser, serves on the Board of Main Street Bancshares, Inc. Certain of Adviser's advisory clients are invested in the company, as well.

**Wrap Fee Program (the "Detalus Digital Program" or the "Program").** Affiliated to Detalus Advisors by common ownership, Manchester Holdings, LLC and its majority partners own a minority interest in Marstone (an SEC-registered investment advisor and subadvisor to Detalus' wrap fee program), and thus has an interest in Marstone's financial success. This relationship with Marstone creates a conflict of interest because Adviser has an incentive to recommend that clients participate in the wrap fee program based on the interests of Manchester

Holdings and its majority partners in the financial success of Marstone rather than based solely on a client's best interests. In addition, because Adviser receives the Program Fee paid by clients, it has an incentive to recommend the Program to potential clients. For information about the Program, please see Adviser's Wrap Fee Program Brochure (Appendix 1 to Form ADV, Part 2A).

*Department of Labor (DOL) Prohibited Transaction Exemption 2020-02.* When Adviser provides investment advice regarding a retirement plan account or individual retirement account, we act as 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 potential conflicts with client interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

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

Adviser may recommend that a client or potential client rollover assets from an existing retirement plan or account to an Individual Retirement Account (IRA) managed by Detalus. Because Detalus would subsequently charge an asset-based fee on these assets, the recommendation creates a potential conflict of interest. When considering a recommendation to transfer assets to an IRA, Detalus takes the following into consideration (among other items):

- Total net costs incurred by the client under the existing plan / account (if possible) and proposed IRA
- Services available under the existing plan / account and proposed IRA
- Investments available in the existing plan / account and proposed IRA
- Whether the client holds employee stock in the plan, has loans connected to the plan, requires regular distributions, or has required minimum distributions.

**Outside Business Activities.** From time to time, Adviser's Principals organize and/or invest in outside businesses. Advisory clients of Adviser or its affiliates also invest in certain of these businesses which include, but are not limited to, the following:

- *Other Assets.* Adviser's Principals have formed entities and limited liability companies in which certain clients of Adviser or its affiliates may also invest.
- *Potential Conflicts of Interest.* In making investment decisions with respect to these outside businesses, clients must rely upon independent investigations by their own tax, legal and other professional advisers and confirm that they are not relying on Adviser or its affiliates for investment advice. Adviser, its Principals and other affiliates of Adviser and their respective officers and employees will not act as investment adviser or serve as a fiduciary with respect to clients' investments in outside businesses. Adviser does not serve as investment adviser or provide investment advice to any outside business.

Prior to investing in an outside business with Adviser's Principals, clients should consider potential conflicts of interest. Adviser charges its advisory clients an investment advisory fee based upon a percentage of assets under management, although no advisory fees are charged on client assets invested in outside businesses. Adviser's Principals may act as manager or managing partner of an outside business and, in this capacity, may receive additional benefits with respect to a client's investment in the business due to their receipt of some or all of the following types of compensation: executive or management compensation, payment or reimbursement of expenses incurred on behalf of the business, and loan brokerage, referral servicing fees paid with respect to the outside business.

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

Adviser has adopted a Code of Ethics which sets forth ethical standards of business conduct that Adviser

requires of its employees, including compliance with applicable federal securities laws. Adviser and its personnel owe a duty of loyalty, fairness and good faith toward clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to its guiding principles.

Adviser's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Adviser's access persons. The Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. It also contains oversight, enforcement and recordkeeping provisions.

Adviser's Code of Ethics includes Adviser's policy prohibiting the use of material non-public information. While Adviser does not believe that it has any particular access to non-public information, all employees are reminded that this information may not be used in a personal or professional capacity. A copy of Adviser's Code of Ethics is available to its advisory clients and prospective clients. You may request a copy by email sent to [clewis@detalus.com](mailto:clewis@detalus.com) or by calling Adviser at (314) 997-3191.

Adviser's Code of Ethics is designed to assure that the personal securities transactions, activities and interests of Adviser's employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Adviser and/or individuals associated with Adviser may buy or sell for their personal accounts securities identical to or different from those recommended to clients. Such transactions may create a conflict of interest. When similar securities are being bought or sold, Adviser's employees will either transact clients' transactions before their own or will transact alongside clients' transactions in block trades. Adviser is not obligated to buy, sell, or recommend to a client any security or other investment that Adviser may buy, sell or recommend for any other client or for our own accounts. In addition, related access persons of Adviser may have an interest or position in certain securities which may also be recommended to a client. Please see "*Item 10. Other Financial Industry Activities and Affiliations*" above for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12. Brokerage Practices**

### ***The Custodians / Brokers We Use***

Detalus does not maintain custody of the clients' assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account for advisor fee billing purposes (see "*Item 15. Custody*" below). Your assets must be maintained in an account at a "qualified custodian," which is generally a broker-dealer or a bank. We recommend our clients use one of the following:

- Pershing Advisor Solutions, LLC as registered broker-dealer and Pershing, LLC as custodian (together, "Pershing")
- Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as qualified custodian

Detalus is independently owned and operated and is not affiliated with either Pershing or Schwab. Pershing or Schwab will hold your assets in a brokerage account and buy and sell securities when Adviser instructs them to. While we recommend that you use Pershing or Schwab as custodian/broker, you will decide whether to do so and will open your account(s) directly with Pershing or Schwab. Conflicts of interest associated with this arrangement are described below as well as in "*Item 14. Client Referrals and Other Compensation*." You should consider these conflicts of interest when selecting your custodian.

Adviser does not open the account for you as the client, although we may assist you in doing so. Even though your account is maintained at and most trades are expected to be executed through Pershing or Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Custody and Brokerage Costs*").

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

Detalus recommends Pershing and Schwab to hold your assets and execute transactions. When considering whether the terms that Pershing and Schwab provide are, overall, most advantageous to you when compared with other available providers and their services, we take into account 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 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, etc.);
- Availability of investment research and tools that assist with Adviser's investment decision capabilities;
- Quality of service;
- Competitiveness of pricing for services (commission rates, margin interest rates, other fees, etc.);
- Reputation, financial strength, security, and stability;
- Access provided to certain mutual funds and mutual fund share classes that generally require higher initial minimum investments or are generally available only to institutional investors;
- Prior services provided to us, our clients, and prospective clients;
- Services delivered or paid for by Pershing or Schwab; and
- Availability of other products and services that benefit Adviser, as discussed below.

Adviser does not require wealth management clients to use Pershing or Schwab, and clients are free to engage a different custodian or broker. However, Adviser may not be able to adequately provide services to or obtain best execution for a wealth management client through the client's preferred custodian. In addition, Adviser will generally not be able to "block" or "aggregate" purchase or sale transactions for clients that have not engaged with Pershing or Schwab. Clients engaging their preferred custodian may receive less favorable execution and pay higher transactional costs. In addition, clients are responsible for negotiating the commission rates with their preferred custodian if not Pershing or Schwab.

Adviser may refuse to manage a client's account custodied at a different custodian or broker for various reasons, including if Adviser determines that it is unable to adequately or efficiently provide services to the client through that broker or custodian.

Clients who engage Pershing or Schwab to provide custodial, brokerage, and other services will enter into appropriate agreements directly with Pershing or Schwab, who will also directly charge their own respective fees to the client.

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

Advisor has access to research, products, or other services from Pershing and Schwab in connection with client securities transactions ("soft dollar benefits") consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. The Advisor benefits by not having to produce or pay for the research, products or services, and the Advisor will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that the Advisor's acceptance of soft dollar benefits may result in higher commissions charged to the client.

With respect to soft dollar arrangements, Pershing provides Detalus Advisors with the following content features to enhance the customer experience:

- Market-Q
- Morningstar Portfolio X-Ray Tools
- Morningstar Fund Analytics
- Morningstar Portfolio Builder
- S&P MarketScope Advisor / CFRA Research

With respect to soft dollar arrangements, Schwab offers payment for eligible third-party vendor services for marketing, technology, consulting, or research expenses.

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

Pershing and Schwab provide both custodial and brokerage services. These firms generally do not charge a separate fee for custody services, but are instead compensated by charging commissions or other fees for executing trades that settle in your accounts held at Pershing or Schwab. Certain trades do not incur commissions or transaction fees (for example, mutual funds and ETFs do not incur transaction fees at Schwab). Pershing and Schwab are also compensated by earning interest on the uninvested cash in your account.

In addition, Pershing and Schwab typically charge an additional fee as a 'prime broker' or 'trade away' fee to execute trades through a different broker-dealer but where the securities purchased or funds from the securities sold are deposited (settled) into the client's Pershing or Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Pershing or 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 Pershing or Schwab, we have determined that having your qualified custodian 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.

Each client will be provided with a copy of Pershing or Schwab's fee schedule, as appropriate, prior to or at the time of entering into an agreement with either firm.

### ***Products and Services Available to Adviser and Clients***

Services that Benefit Clients. Pershing and Schwab's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Pershing and Schwab include some that clients may not otherwise have access to or that would require a higher minimum initial investment.

Pershing and Schwab provide Adviser with access to certain products and services that are intended to support Adviser in managing and servicing client accounts:

- Pershing provides these services to Adviser at no charge so long as a certain dollar value of client assets are maintained with Pershing.
- Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide our clients and us with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab 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 (we don't have to request them) and at no charge to us.

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.

Services that Do Not Directly Benefit Clients. Pershing and Schwab also make available to Adviser other products and services that benefit Adviser but may not directly benefit clients or client accounts. These products and services are intended to support Adviser in managing and servicing client accounts and operating our firm.



They include investment research, which we use to service all or a substantial number of our clients' accounts. Pershing and Schwab also make available software and other technology that:

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

Services that Generally Benefit only Detalus. Pershing and Schwab also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support
- Recruiting and custodial search consulting

Pershing and Schwab provide some of these services directly or may arrange for third-party vendors to provide.

**Detalus' Interest in these Services and Benefits.** The availability of these services and support from Pershing and Schwab benefits Detalus because we do not have to produce or purchase them, and we aren't required to pay Pershing or Schwab for these services. Pershing and Schwab have also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf.

These services are not contingent upon us committing any specific amount of business to Pershing or Schwab in trading commissions. However, Adviser's receipt of some of these services and benefits from Pershing and Schwab are contingent on a certain dollar value of our client assets being maintained with each firm. The fact that we receive these benefits is an incentive for us to recommend the use of Pershing and 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 Pershing and Schwab as qualified custodian is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of services (based on the factors discussed above) and not the services that benefit only Detalus.

### ***Best Execution***

For accounts custodied with Pershing or Schwab, wealth management clients typically direct Adviser to have Pershing or Schwab execute trades for the client's account. Given the general nature of the arrangements with Pershing and Schwab (including pre-negotiated brokerage costs, operational methodologies that must be employed to trade accounts custodied with Pershing and Schwab, and additional trade-away or other charges for trades executed through a different broker-dealer), it is often infeasible or impracticable for Adviser to trade an account custodied with Pershing or Schwab with a different broker-dealer.

### ***Block Trading***

Adviser will block trades where practicable and when advantageous to clients. This blocking of trades permits the trading of aggregated blocks of securities on behalf of multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow Adviser to execute equity trades in a timelier, more equitable manner, at an average share price. For example, Adviser may block trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Block trades remain subject to minimum commissions or ticket charges, which may be higher than the actual transaction cost. For a free copy of Adviser's block trading policy, please contact Adviser.

## Item 13. Review of Accounts

**Reviews.** Client portfolios are monitored on a regular basis, typically quarterly. A sampling of accounts is reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Client accounts are reviewed by Clinton Lewis, Adviser's Chief Compliance Officer; Betsy Ross, Vice President; and/or the client's Advisor(s).

**Reports.** In addition to the monthly (or quarterly if no activity has occurred in the account) statements and confirmations of transactions that clients receive from their custodian, Adviser provides quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify Adviser if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

## Item 14. Client Referrals and Other Compensation

Detalus receives an economic benefit from Pershing and Schwab in the form of the support products and services made available to us and other independent investment advisors whose clients maintain their accounts at these qualified custodians. In addition, both Pershing and Schwab have also agreed to pay for certain products and services for which we would otherwise have to pay.

You do not pay more for assets maintained at either Pershing or Schwab 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. The products and services provided by Pershing and Schwab, how they benefit us, and the related conflicts of interest are described above (see "*Item 12. Brokerage Practices*").

**Programs, Events, Conferences.** Adviser may host or attend custodial company or other company educational programs, events, or conferences where expenses are paid for (in part or in whole) by the custodian or other third parties whose products and services that Adviser utilizes in providing advisory services. This represents a conflict of interest in that Adviser has an incentive to use and promote the products and service of these third parties. To address this conflict, Adviser will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

**Solicitor Fees.** Adviser may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to Adviser. Whenever Adviser pays a referral fee, Adviser requires the Solicitor to provide the prospective client with a copy of Adviser's Brochure and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with Adviser;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the referral fee; and
- whether the fee paid to Adviser by the client will be increased above Adviser's normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to Adviser by clients referred by Solicitors are not increased as a result of any referral.

Adviser will ensure each Solicitor is properly exempt or registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with the Advisers Act, where applicable.

## Item 15. Custody

Adviser does not have actual or constructive custody of client accounts, funds, or securities, except that Adviser may deduct advisory fees directly from clients' accounts with the clients' prior written consent.

You will receive account statements directly from your respective custodian at least quarterly. Statements will

be sent to the email or postal mailing address you provided to Pershing or Schwab. You should carefully review those statements promptly when you receive them and compare your qualified custodial account statements with the periodic portfolio reports you will receive from Detalus. We urge clients to carefully review the information provided in these reports to ensure that all account transactions, holdings, and advisory fees deducted are correct and current.

## **Item 16. Investment Discretion**

Clients may hire Adviser to provide discretionary or non-discretionary asset management services.

For discretionary clients, the client grants Adviser authority to place all trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Adviser's discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell;
- determine the amount of the security to buy or sell; and/or
- determine the broker-dealer to be used for the purchase or sale of securities for a client's account.

Adviser's authority is typically set forth in the client's written advisory agreement with Adviser. If required by the client's custodian or broker, Adviser may also require the client to execute a limited power of attorney granting Adviser authority to execute transactions in the client's account. Clients may place limitations on Adviser's discretionary authority, which would be included in the written advisory agreement or other written agreement with Adviser.

For non-discretionary clients, the client must review and approve our investment recommendations prior to implementation. With the client's consent, Adviser directs the custodian or other executing broker chosen by the client to place approved trades in the client's accounts. To facilitate the execution of these trades, non-discretionary clients grant Adviser a limited power of attorney for trading purposes only over their custodial accounts.

## **Item 17. Voting Client Securities**

Adviser currently does not vote proxies on behalf of clients. Clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Each client is responsible for instructing its custodian(s) to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Adviser may provide clients with consulting assistance regarding proxy issues upon request.

## **Item 18. Financial Information**

Adviser does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, Adviser is not required to include a financial statement.

As an advisory firm that maintains discretionary authority for certain client accounts, Adviser is required to disclose any financial condition that is reasonable likely to impair Adviser's ability to meet its contractual obligations. Adviser has no adverse financial circumstances to report.