

Kinetik Finance, Inc.

Kinetik

142 East Ontario Street, 10<sup>th</sup> Floor  
Chicago, Illinois 60611

503-332-4331

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

May 22, 2018

This Brochure provides information about the qualifications and business practices of Kinetik Finance, Inc. If you have any questions about the contents of this Brochure, or would like to receive the most recent version, please contact us at 503-332-4331 or via email at [cco@kinetikwealth.com](mailto:cco@kinetikwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Kinetik Finance, Inc. is a Registered Investment Adviser with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an Investment Adviser does not imply a certain level of skill or training. Additional information about Kinetik Finance, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure dated May 22, 2018, represents an updated Form ADV Part 2 Brochure for Kinetik Finance, Inc. (“Kinetik”). The updates are limited to updating our principal office address and phone number.

Our Brochure may be requested at any time, without charge, by contacting us at 503-332-4331 or via email at [cco@kinetikwealth.com](mailto:cco@kinetikwealth.com).

### Item 3 – Table of Contents

Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business Introduction .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance Based Fee and Side by Side Management .....	7
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Risks .....	9
Item 9 – Disciplinary Information .....	15
Item 10 – Other Financial Industry Activities and Affiliations .....	15
Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading .....	15
General Information.....	15
Participation or Interest in Client Accounts .....	16
Personal Trading .....	16
Privacy Statement.....	17
Item 12 – Brokerage Practices.....	17
Best Execution .....	17
Directed Brokerage.....	18
Trading.....	18
Item 13 – Review of Accounts .....	18
Reports .....	18
Item 14 – Client Referrals and Other Compensation .....	18
Item 15 – Custody .....	19
Item 16 – Investment Discretion .....	19
Item 17 – Voting Client Securities.....	19
Item 18 – Financial Information .....	19

#### Item 4 – Advisory Business Introduction

Kinetik Finance, Inc. (“Kinetik”, “We” or “Us”) is a Delaware corporation and an investment adviser registered with and regulated by the SEC under the Advisers Act. Kinetik operates an Internet-based investment advisory business that uses algorithms and other technological means to provide investment advice and Employer Sponsored Retirement Account (“ESRA”) portfolio management services to retail clients. We provide advice through [www.kinetikwealth.com](http://www.kinetikwealth.com).

Kinetik Finance, Inc. was founded in 2017 by Rammoorthi (“Ram”) Balassubramanian and Andreas Bodmeier, who serve as Kinetik’s Chief Executive Officer and Chief Investment Officer, respectively. Ram Balassubramanian is our principal owner.

Kinetik specializes in digital investment advisory services provided through our secure website and mobile application. Our services are designed for individuals who have traditionally managed their own 401(k)s, 403(b)s, 457s and other ESRA(s). Our focus is on helping you create, implement and execute investment portfolios that are designed to build and preserve your wealth during the accumulation phase of your life. We employ automated asset allocation, portfolio analysis, portfolio rebalancing, and portfolio selection strategies on behalf of our advisory clients. In general, our services and strategies are applied to all supported ESRA account-types linked or aggregated by a client through our website. We provide personalized goal-based advice to each advisory client based on information provided by the client during the sign up and account creation process, which includes a series of questions including risk tolerance, age, and desired retirement age.

We are committed to the fiduciary principle of placing the Client’s interests first, and we value long term relationships with our Clients whom we regard as strategic partners in our business. We provide our portfolio management services on a discretionary basis, which grants us the authority to determine securities to be bought or sold for a client’s account from the choices available in the client’s ESRA, and the amount of securities to be bought or sold for an account.

The investments in the portfolio account may include mutual funds, bond funds, money market funds, exchange-traded funds (“ETFs”), and other available instruments, depending on the options offered through your employer-sponsored 401(k), 403(b), or 457 plans as well as other employer-sponsored plans. Trading may be required from time to time to meet initial allocation targets, to allocate deposited cash, and to accommodate withdrawals. Additionally, your account may be rebalanced or reallocated periodically in order to realign with targeted percentages of your initial asset allocation. The timing of rebalancing or reallocation will occur at our discretion. If you decide to implement the recommendations you receive through the software, we will, with your express permission, place the necessary trades to establish your asset allocation within your ESRA. This allocation will be automatically adjusted as you approach retirement.

Our services include:

- Review of your present ESRA account allocation
- Advice on asset selection through our interactive website
- Implementation of the asset allocation that you have pre-approved
- Increasing your contribution amount to your ESRA account with your approval
- Monitoring and tracking of the assets in your ESRA portfolio(s)
- Adjustment of pre-approved allocation automatically as you approach retirement.

You should update your account promptly when your financial situation, goals, objectives, or needs change. Should you decide to make a change to your existing allocation, you may do so through our web-based application and we will attempt to make the changes for you in a timely fashion. YOU CAN CONTACT YOUR ESRA CUSTODIAN DIRECTLY AT ANY TIME TO CHANGE YOUR INVESTMENT ALLOCATION AS QUICKLY AS YOUR CUSTODIAN ALLOWS.

If you elect to use our services, you will receive electronically a written agreement through our website application saved to your account documentation detailing the services, fees, terms and conditions of the relationship. You will also receive electronically this Brochure, as amended from time to time.

Past performance is not necessarily indicative of future results. We cannot guarantee the future performance or results of any of our recommendations. Choosing which advice to follow is your decision.

We manage assets solely on a discretionary basis. As of the date of this document, we did not manage any client assets.

### **Item 5 – Fees and Compensation**

We provide our online portfolio management services for \$15 per month and do not require a minimum account size. This fee is paid monthly, in advance, through credit card, debit card or direct debit from checking or savings account. This fee includes initial reallocation, monitoring, and quarterly rebalancing of your account. Clients will generally sign up for a one year term that automatically renews after the one year anniversary unless either party cancels the advisory agreement in advance. Clients may terminate their Kinetik account at any time including within the initial one year term. All terminations must be communicated through the web-based account profile that all clients use to manage their accounts. Any fees that are due, but have not been paid, will be billed to you and are due immediately. No increase in our fee will be effective without prior written notification to you.

Our fees do not include brokerage commissions, transaction fees, or other related costs and expenses your custodian may charge. You may incur certain charges imposed by custodians and other third party providers. These charges may include but are not limited to, fees by managers, custodial fees, redemption fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the applicable fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Certain strategies recommended by us may involve investment in mutual funds. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees are paid from fund assets, and thus indirectly from clients' assets. We do not receive any portion of these fees. All of these fees are in

addition to the fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay.

You could invest in a mutual fund, bond fund, money market fund or ETF directly without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund(s) or ETFs, and in which combination, based on our quantitative, automated methodology, are appropriate to your age, years to retirement, and risk tolerance.

For institutional clients, we may offer a discount off of our retail pricing. In certain circumstances, advisory fees, payment structure may be negotiable based upon prior relationships, related account holdings, or other distribution relationships. Our advisory agreement defines what fees are charged and their frequency.

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

We do not charge performance-based advisory fees or receive incentive allocations.

#### **Item 7 – Types of Clients**

We provide portfolio management services to individuals who participate in 401(k)s, 403(b)s, 457 Plans and other Employer Sponsored Retirement Accounts. We work with clients of any age. We have no minimum account opening balance requirement.

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

Our investment strategy involves the selection of mutual funds, bond funds, money market funds and ETFs for our clients' portfolios based upon the information we receive from our clients regarding their financial position and investment objectives and the investment options offered through the clients' employer sponsored retirement plan(s). This is done using various means of research and analysis available through our web-based application. We primarily use well-diversified portfolios of an allocation designed based on our quantitative, automated methodology to be in line with a client's age and time to retirement and the investment options available in their ESRA.

Our investment strategies are primarily based on the following principles and strategies: (i) equities, as an asset class, generally have a high probability of outperforming other broadly accessible and liquid asset classes over a 10-year period; (ii) adjusted for fees, low cost passive approaches, implemented using low-cost index-based ETFs, generally outperform higher cost (i.e., non-index based) active funds; and (iii) a bias towards value, implemented through focusing on value, small capitalization, and emerging markets stocks, generally has a higher probability of improving returns over the long-term. Our approach does not include frequent trading of securities (i.e., day trading or high frequency trading), (iv) return-based style analysis to analyze the portfolio composition of mutual funds and other investment vehicles, (v) Modern Portfolio Theory, which seeks to find an efficient tradeoff between risk and return of an investment, and (vi) using insights from Behavioral Finance and Economics to help our clients make beneficial investment decision.

Our main sources of information for client account recommendations and transactions include data about mutual funds and ETFs provided by third party data vendors and client portfolio information from third party custodians. Although we believe such sources of information to be accurate and reliable, we do not verify independently the accuracy or completeness of such information.

**IMPORTANT NOTE: IT IS YOUR RESPONSIBILITY TO PROMPTLY INFORM US VIA YOUR ONLINE ACCOUNT IF YOU BELIEVE THAT YOUR PORTFOLIO ALLOCATION DOES NOT MATCH YOUR RISK TOLERANCE OR INVESTMENT OBJECTIVE(S).**

We use asset allocation strategies designed to accommodate a range of risk tolerances from conservative to growth-oriented. We will recommend for you a portfolio that based on our quantitative, automated methodology reflects what we believe is an appropriate asset allocation, considering factors including your age and time to retirement and the investment options offered through your ESRA. You may also shift this initial portfolio recommendation to be more or less aggressive. **YOU MUST APPROVE YOUR ALLOCATION BEFORE WE WILL IMPLEMENT IT.**

The strategic recommended portfolio allocation will change as you approach your desired retirement age. The investment strategies we use generally focus on long-term purchases.

## **Risks**

We do not make any assurance that our recommendations will result in profitable investing or avoidance of loss. Investing in securities involves risk of loss that clients should understand and be prepared to bear. We offer no guarantee or representation that our investment recommendations will be successful or will achieve a client's investment objective(s). Performance can never be predicted or guaranteed and the value of each client's account will fluctuate due to market conditions and other factors. Past performance is not necessarily indicative of future results.

Some of the major risks associated with the strategies, products, and methodology we offer are listed below:

### **1. Bond Fund Risk**

Bond funds generally have higher risks than money market funds, largely because they typically pursue long-term strategies and those debt instruments aimed at producing higher yields. Some of the risks associated with bond funds include:

- **Call Risk** - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- **Credit Risk** — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poorer credit ratings generally will be subject to higher risk.
- **Interest Rate Risk** — the risk that the market value of the bonds held in the fund's portfolio will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- **Prepayment Risk** — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and

issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

## 2. Mutual Fund Risk

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

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

## 3. Overall Fund Risk

Clients should remember that past performance is not necessarily indicative and no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities or bonds held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

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

While past performance does not necessarily indicate future returns, it can be used to determine how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you expect to need your money in the near-term to meet a financial goal, you probably can't afford the risk of investing in a fund with a volatile history because you may not have enough time to ride out any declines in the stock market.

#### 4. Stock Fund Risk

Although a stock fund's value can rise and fall quickly over the short term, historically stocks have performed better over the long term than other types of investments — including corporate bonds, government bonds, and treasury securities. However, such historical results have been marked by periods, sometimes prolonged, during which stocks have underperformed other types of investments or have suffered losses.

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

#### 5. Cyber Security Risk

With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations,

potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

## 6. Exchange-Traded Funds

ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities and fixed income investments. Foreign securities held by ETFs are subject to interest-rate, currency-exchange-rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a relatively small category of securities, such as a specific regions or market sectors, are generally subject to greater market volatility as well as the specific risks associated with those sectors, regions or other focus. ETFs which use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses and tracking error. An ETF may trade at a premium or discount to its net asset value. Each ETF has a unique risk profile which is detailed in its prospectus, offering circular or similar material, which should be considered carefully before making investment decisions.

## 7. Quantitative and Automated Methods

Quantitative Analysis and Algorithmic Methods. Kinetik's strategy is focused on investing through the use of process-driven, systematic investment management, generally by employing quantitative analysis including through automated strategies. Algorithmic strategies include the process of using software and computers programmed to follow a defined set of instructions for calculating portfolio allocations and placing trades.

The models and techniques used are complex and rely on quantitative analysis of large amounts of real-time and historical financial and other data. There are material risks and challenges related to algorithms; such risks include, but are not limited to: system failure risks, network connectivity errors, time-lags between trade orders and execution, and imperfect algorithms, which may have a higher risk of occurrence if an algorithm has not been sufficiently or stringently back-tested before it is implemented.

Kinetik's algorithmic models are used in portfolio selection and rebalancing based on financial information and investment objective(s) provided by clients. Such models incorporate various assumptions and are subject to limitations on which the models are constructed. These models may recommend portfolios different from, or rebalancing more frequently than, a non-quantitative analysis would produce or than clients may expect.

System Response and Access Times: Algorithmic Models. System response and access times and algorithmic trading may vary due to market conditions, system performance and other factors. Kinetik's algorithmic models may derive pricing and trading estimates based on historical value patterns, real-time market data and various other parameters. The ability of Kinetik's algorithmic models to achieve desired performance can be impacted by significant changes in market conditions such as increased volatility, price dislocations, material market events or news or trading halts. Factors such as order quantity, liquidity, and the parameters selected by Kinetik may impact the performance results.

There can be no assurances that the strategies pursued will be profitable or will not result in losses, and various market conditions may be materially less favorable to certain algorithmic strategies than others. Even if all the assumptions underlying the models were met exactly, the model can only make a prediction, not provide certainty. There can be no assurance that future performance will match a prediction. Further, most statistical procedures cannot fully match the complexity of the financial markets and as such, results of their application are uncertain. In addition, changes in underlying market conditions can adversely affect the performance of a statistical model.

Quantitative Strategies and Methods. As market dynamics shift over time, previously successful strategies and methods may become outdated - perhaps without Kinetik recognizing that fact before losses are incurred. Even without becoming completely outdated, the algorithms may decay in an unpredictable fashion for any number of reasons including, but not limited to, the use of similar strategies and execution techniques by other market participants and/or market dynamic shifts over time.

Reliance on Technology. The methods utilized by Kinetik to manage client portfolios are fundamentally dependent on technology, including hardware, software and telecommunications systems. Third-party hardware and software may have errors, omissions, imperfections and malfunctions unknown to Kinetik. Errors in third-party hardware and software are generally entirely outside of Kinetik's control. Such errors are often extremely difficult to detect. Regardless of how difficult their detection appears in retrospect, some of these errors may go undetected for long periods of time and some may never be detected. The degradation or impact caused by these errors can compound over time.

Kinetik attempts, on an ongoing basis, to backup software and hardware where possible, but there is no guarantee that such efforts will be successful. Further, to the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, security breach, virus or other outside force, investors may be materially adversely affected. Furthermore, as with all facilities and systems, automated trading systems, hardware, and software are vulnerable to temporary disruption, failure, inaccuracies, and/or security breaches. System delay or failures can adversely impact investment selection and execution.

Reliance on Data. The methods employed by Kinetik are reliant on gathering and analyzing large amounts of data. It is not possible or practicable, however, to factor all relevant, available data into investment decisions. In addition, due to the automated nature of such data gathering and the fact that much of this data comes from third-party sources, it is inevitable that not all desired and/or relevant data will be available to, or processed by, Kinetik. Clients should be aware that there is no guarantee that any specific data or type of data will be utilized in making investment decisions, nor is there any guarantee that the data actually utilized in making investment decisions will be (i) the most accurate data available or (ii) free of errors. The foregoing limitations and risks associated with gathering and analyzing large amounts of data from third-party and other external sources are an inherent part of investing using process-driven, systematic methods.

Risk of Process Changes. There can be no assurance that any of the numerous technical or technological processes that may be developed by Kinetik to implement its financial services or perform various functions will not change over time or, in some cases, cease

altogether. Except as restricted by rule, regulation, requirement or law, Kinetik reserves the right to make changes in any such processes in its sole and absolute discretion.

### **Item 9 – Disciplinary Information**

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

We do not have any such information to disclose about Kinetik or any of our investment advisors.

We adhere to high ethical standards for all our investment adviser representatives and associates. We strive to do what we believe is in your best interests.

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

Neither Kinetik nor any of its investment adviser representatives participate in any other financial industry activities and affiliations at this time.

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

#### **General Information**

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

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

Our compliance policies and procedures prohibit anyone associated with Kinetik from having an interest in a client account or participating in the profits of a client's account without the approval of the chief compliance officer. The following acts are prohibited:

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

You may request a copy of the firm's Code of Ethics by contacting us.

## **Personal Trading**

We may recommend securities to you that we may or in some cases have purchased for our own accounts.

We may trade securities in our account that we have recommended to you as long as we place our orders after yours. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts. Under certain circumstances, exceptions may be made to this policy. Records of such trades, including the reasons for the exceptions, will be maintained with our records as required.

ETFs, mutual funds and/or investment sub-accounts which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value are very widely traded. Therefore, it is highly unlikely that purchases of ETFs, mutual funds and variable insurance products by Kinetik employees will have an impact on the prices of the funds in which you invest. These types of transactions are not prohibited by our policies and procedures.

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met and to abide by all Insider Trading regulations:

- No securities for our personal portfolio(s) may be bought or sold where this decision is derived, in whole or in part, from information provided by investment advisory representatives of Kinetik, unless the information is also available to the investing public on reasonable inquiry. In no case, will we put our own interests ahead of yours.
- We emphasize your unrestricted right to decline to implement any advice that we provide or recommendations that we make.

## **Privacy Statement**

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

## **Item 12 – Brokerage Practices**

### **Best Execution**

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

For most ESRA asset management clients, our options to pursue best execution are limited to the execution facilities offered by the brokerage firm carrying the ESRA. Because of the nature of ESRA's, we are limited to effecting transactions solely through your employer-selected broker-dealer or custodian at their pre-determined rates and fees. We will seek competitive commission rates and terms where possible, but we may not obtain the lowest possible commission rates or fees for account transactions.

## **Directed Brokerage**

Our ESRA asset management clients will use the custodian(s) their employer has selected for their 401(k), 403(b), and 457 Plans or other employer sponsored retirement plans. Although you may not have control over broker-dealers or custodians used by your ESRA, you should be aware that by directing brokerage to your employer-selected broker-dealer or custodian and directing us to use them, you may pay higher or lower fees than what is available through other relationships. We cannot negotiate the fees that you will pay.

## **Trading**

Transactions for each client account will be effected independently.

## **Item 13 – Review of Accounts**

### **Reports**

In connection with our financial services, your retirement plan sponsor or custodian will provide you with account statements reflecting the transactions occurring in your account and account balances along with confirmations for each securities transaction executed in the account. For that reason, we will not provide you statements or performance information.

We strongly recommend that you compare the statements you receive from your retirement plan sponsor or custodian with any information that you receive from us. Please immediately notify us of any discrepancies in your ESRA or any concerns you have about the account(s).

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

In limited cases, we may compensate a third party or a related entity for a client referral. In such cases, the client will be provided a disclosure related to this compensation. This type of arrangement will not increase investment management fees paid by our client.

We may also sponsor occasional marketing promotions which for example might reward clients with nominal gifts for introducing prospective clients to us, or might reward prospective clients with nominal gifts for completing a prospective client account comparison.

#### **Item 15 – Custody**

We do not hold client funds or securities, but instead require that they be held by a third party custodian. We may however have limited control in some instances to trade on your behalf. To make trades for clients, we generally access accounts using the client's own account access. You will receive account statements directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provide, or may be made available online depending on your account's broker or custodian. We strongly urge you to carefully review these statements when you receive them.

#### **Item 16 – Investment Discretion**

You will grant us discretionary authority at the beginning of our advisory relationship. This allows us to select the identity and amount of securities to be bought or sold. This information is described in the advisory agreement you sign with us which gives us a limited scope of authority to act on your behalf with your accounts.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We are authorized to instruct the custodian to forward you copies of all proxies and shareholder communications relating to your account assets.

#### **Item 18 – Financial Information**

Since we have discretionary authority, we are required to provide you with certain financial information or disclosures about our financial condition. We have no current or past financial commitment that would impair our ability to meet any contractual and

fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings.

In no event will we charge advisory fees to a single client that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.