



## **RZH Advisors**

SEC File Number: 801 – 71454

### **Brochure**

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**This brochure provides information about the qualifications and business practices of RZH Advisors. If you have any questions about the contents of this brochure, please contact us at (203) 355-0880 or [carlz@rzhadvisors.com](mailto:carlz@rzhadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about RZH Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to RZH Advisors as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2 Material Changes

There have been no material changes since RZH Advisors' last Annual Amendment filing made on March 30, 2018.

**ANY QUESTIONS: RZH Advisor's Chief Compliance Officer, Carl Zuckerberg, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

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**Item 4      Advisory Business**

A. RZH Advisors (the “Registrant”) is a limited liability company formed on February 7, 2000 in the state of Connecticut. The Registrant became registered as an Investment Adviser Firm in May 2010. The Registrant is owned by Carl J. Zuckerberg, Dana A. Hanson and Spencer Cooper. Mr. Cooper, Mr. Zuckerberg and Ms. Hanson are the Registrant’s Managing Members. RZH generally provides its clients with wealth management services (i.e. combined financial planning and investment management services) on a fee-basis per its fee schedule set forth in Item 5 below. In limited circumstances, RZH, in its sole discretion, may enter into investment management services only engagements for those type clients that do not require wealth management services (i.e. ERISA plans, endowments, trusts, etc) per the terms and conditions of a mutually agreeable fee arrangement.

B.

**INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary investment advisory services on a *fee* basis. Before engaging the Registrant to provide investment advisory services, clients are required to enter into a *Investment Advisory Agreement* with the Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of client assets placed under Registrant’s management.

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

During the initial engagement year, a client who desires financial planning and consulting services may pay an additional fee of up to 0.15% (for limited planning services-generally limited to consulting services incidental to the investment management process) to 0.25% (for planning) of the anticipated total assets to be placed under the Registrant’s management/advisement to cover the initial desired/anticipated planning and consulting services to be provided.

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

The Registrant may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$2,500 to \$50,000 on a fixed fee basis, and from \$400 to \$600 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of

the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** the Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

### **DIVORCE CONSULTANT SERVICES**

The Registrant may provide financial planning services for people going through a divorce. Divorce consultation services may be provided in any of the following areas: tax planning analysis, estate planning analysis, investment, pension and profit sharing, business, insurance and cash flow management. All arrangements concerning fees and services will be agreed upon in advance and will be in a written contract.

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant **does not** serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant **does not** prepare estate planning documents or tax returns. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** the Registrant, shall be responsible for the quality and competency of the services provided. **Registrant's Chief Compliance Officer, Carl Zuckerberg remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Retirement Plan Rollovers – No Obligation / Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending

upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, Carl Zuckerberg, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation.**

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including an individual holding or in the event of general market correction), and the client is unavailable, Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by the Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Registrant's initial and ongoing investment advisory services. **Please Note-Use of DFA Mutual Funds:** Registrant utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers. Thus, if the client was to terminate the Registrant's services, and not transition to another adviser who utilizes DFA funds, restrictions regarding additional purchases of, or reallocation among other, DFA funds will generally apply. **Registrant's Chief Compliance Officer, Carl Zuckerberg, remains available to address any questions that a client or prospective client may have regarding the above.**

**Interval Funds.** When consistent with a client's investment objectives, Registrant may allocate investment assets to "Interval Funds." Investment companies structured as "Interval Funds" are generally designed for long-term investors that do not require daily liquidity. Shares in Interval Funds typically do not trade on the secondary market. Instead, their shares are subject to periodic redemption offers by the fund at a price based on net asset value. Accordingly, Interval Funds are subject to liquidity constraints. Interval Funds investing in securities of companies with smaller market capitalizations, derivatives, or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Generally, the Interval Funds recommended by the Registrant offer a two to three week period, on a quarterly basis, during which the client may seek the redemption of previously purchased Interval Funds. Therefore, if the Registrant was to determine that the fund is no longer performing or if a client wanted to close their account, the Interval Fund could not be sold or transferred immediately. Rather, the sale or transfer would need to await the quarterly permitted sale date. Moreover, the eventual net asset value for the Interval Fund could be substantially different (positive or negative) than the Interval Fund value on the date that the sale was requested. There can be **no assurance** that any such strategy will prove profitable or successful. **In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to purchase such funds for the client's account. Registrant's Chief Compliance Officer, Carl Zuckerberg, remains available**

**to address any questions that a client or prospective client may have regarding the allocation of investment assets to Interval Funds.**

**Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events or upcoming anticipated cash distributions (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee.

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

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Private Fund Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor or client. The current value of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, the client's advisory fee shall be based upon the value reflected on the report.

**Independent Managers.** The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers and/or sub-advisers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager(s)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager(s)* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager(s) is

separate from, and in addition to, the Registrant's investment advisory fee as set forth in Item 5.

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

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

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

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of March 29, 2019, the Registrant had \$863,260,610.00 in assets under management: \$863,260,610.00 in assets under management on a discretionary basis and \$0.00 in assets on a non-discretionary basis.



**Item 5 Fees and Compensation**

A.

**INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary and/or non-discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is negotiable, but is generally based upon a percentage (%) of the market value and type of assets placed under the Registrant’s management as follows:

**Wealth Management – Inclusive of Financial Planning**

<u>Assets Under Management</u>	<u>Annual Fee*</u>
First \$3,000,000	1.10%
Next \$2,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	0.35%

**Investment Management – Including limited planning incidental to the investment management process**

<u>Assets Under Management</u>	<u>Annual Fee*</u>
First \$5,000,000	0.75%
Next \$5,000,000	0.45%
Over \$10,000,000	0.35%

The Registrant’s investment advisory fee is negotiable at its discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above

**Please Note:**

When engaged to provide Wealth Management Services, inclusive of Financial Planning services, the Registrant generally requires a minimum asset level of \$3,000,000.

When engaged to provide Investment Management Services (with planning incidental to the investment management process), the Registrant generally requires a minimum asset level of \$5,000,000.

The Registrant, in its sole discretion, may elect to waive its aggregate asset minimum, charge a lesser investment advisory fee and/or charge a flat fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

If you engage the Registrant to provide Wealth Management Services, inclusive of Financial Planning Services with less than \$3,000,000 under management or if you engage the Registrant to provide Investment Management Services with Limited Financial Planning with less than \$5,000,000 under management and you are subject to respective minimum fees, you will pay a higher percentage Annual fee than indicated above.

\* **Special Note:** Those clients who currently have a portion of their investment assets allocated to the “RZH Alternative Strategies” (closed to new investors) shall continue to incur a flat 1.00% annual fee on those assets for as long as invested in the strategy. No current client is obligated to continue to maintain assets within the strategy.

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

The Registrant may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$2,500 to \$50,000 on a fixed fee basis, and from \$400 to \$600 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

#### **DIVORCE CONSULTATION SERVICES**

The Registrant may provide financial planning services for people going through a divorce. Divorce consultation services may be provided in any of the following areas: tax planning analysis, estate planning analysis, investment, pension and profit sharing, business, insurance and cash flow management. All arrangements concerning fees and services will be agreed upon in advance and will be in a written contract. Registrant’s planning and consulting fees are negotiable, but generally range from \$2,500 to \$50,000 on a fixed fee basis, and from \$400 to \$600 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant’s advisory and planning and consulting fees deducted from their custodial account. Both Registrant’s *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant’s investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited

event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will incur, relative to all mutual fund and exchange traded fund purchases, private investment funds and independent managers, charges imposed at the fund, account or partnership level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

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

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

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

## **Item 7 Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations.

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

- A. The Registrant may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

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

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

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

- B. The Registrant’s methods of analysis and investment strategies do not present any significant or unusual risks.

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

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

- C. Currently, the Registrant primarily allocates client investment assets among various open-end mutual funds and/or exchange traded funds on a discretionary and/or non-discretionary basis, and *Independent Manager(s)*, as well as private investment funds, in accordance with the client’s designated investment objective(s).

## **Item 9      Disciplinary Information**

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

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Agents.** Although not material to the Registrant's business, Carl J. Zuckerberg, in his individual capacity, is a licensed insurance agent. Mr. Zuckerberg does not hold himself out to the public in this capacity.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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

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

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access

Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

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

## **Item 12**      **Brokerage Practices**

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

Factors that the Registrant considers in recommending *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from *Fidelity* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions.

Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

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

There is no corresponding commitment made by the Registrant to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

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

**The Registrant's Chief Compliance Officer/Chief Investment Strategist, Carl J. Zuckerberg, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been

placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

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

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

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

There is no corresponding commitment made by the Registrant to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

### **Item 15      Custody**



The Registrant shall have the ability to have its advisory and planning and consulting fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

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

**Custody Situations:** The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9, but which practices and/or services **are not** subject to an annual surprise CPA examination in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter.

## Item 16 Investment Discretion

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

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc).

## Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies, except in very limited circumstances, as noted below. Typically, clients shall maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
  - The Registrant may be engaged by a trust to provide investment management services. In certain instances, the Registrant will be required by a Corporate Trustee to vote proxies on behalf of that trust. If the Registrant is engaged in this capacity, by a Corporate Trustee, the Registrant shall be responsible for voting proxies on behalf of the trust. The Registrant shall vote proxies in accordance with the terms of its Proxy Voting Policy, which is available upon request. Proxy solicitations in connection with the trust(s) will be directed to the Registrant.

- B. Excepted as noted above, clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

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

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