

# Atwater Malick, LLC

## Firm Brochure

*This brochure provides information about the qualifications and business practices of Atwater Malick, LLC. If you have any questions about the contents of this brochure, please contact us at (717) 400-1505 or by email at: [info@atwatermalick.com](mailto:info@atwatermalick.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 Atwater Malick, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Atwater Malick, LLC's CRD number is: 147972*

201 Granite Run Drive  
Suite 290  
Lancaster, Pennsylvania, 17601  
(717) 400-1505  
(717) 798-9908 – Fax  
[www.atwatermalick.com](http://www.atwatermalick.com)  
[info@atwatermalick.com](mailto:info@atwatermalick.com)

*Registration does not imply a certain level of skill or training.*

Version Date: January 2024

## Item 2: Material Changes

Since the last Annual Amendment to our Form ADV filed in January 2023:

- AM has increased its hourly planning fees to \$500 per hour with a minimum fee of \$5,000 (Item 5.A. Fees and Compensation).

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes, as necessary.

## Item 3: Table of Contents

### Table of Contents

Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Advisory Business.....	6
A. Description of the Advisory Firm.....	6
B. Types of Advisory Services.....	6
Investment Supervisory Services	
Financial Planning	
Services Limited to Specific Types of Investments	
C. Client Tailored Services and Client Imposed Restrictions.....	7
D. Wrap Fee Programs .....	7
E. Amounts Under Management.....	7
F. Disclosure Regarding Conflict of Interest – IRA Rollovers .....	7
Item 5: Fees and Compensation .....	10
A. Fee Schedule .....	10
Investment Supervisory Services Fees	
Hourly Fees	
B. Payment of Fees.....	12
Payment of Investment Supervisory Fees	
Payment of Financial Planning Fees	
C. Clients Are Responsible for Third Party Fees.....	13
D. Prepayment of Fees.....	13
E. Outside Compensation for the Sale of Securities to Clients.....	13
Item 6: Performance-Based Fees and Side-By-Side Management .....	13
Item 7: Types of Clients.....	13
Relationship Size	
Item 8: Methods of Analysis, Investment Strategies and Risk of Investment Loss.....	14
A. Methods of Analysis and Investment Strategies .....	14
B. Material Risks Involved .....	14
C. Risks of Specific Securities Utilized.....	15

Item 9: Disciplinary Information.....	15
Item 10: Other Financial Industry Activities and Affiliations .....	15
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	15
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.....	15
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	16
D. Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections .....	16
Item 11: Code of Ethics, Participation in Transactions, Personal Trading.....	16
A. Code of Ethics.....	16
B. Recommendations Involving Material Financial Interests .....	16
C. Investing Personal Money in the Same Securities as Clients .....	16
D. Trading Securities At/Around the Same Time as Clients' Securities.....	16
Item 12: Brokerage Practices .....	17
A. Factors Used to Select Custodians and/or Broker/Dealers .....	17
B. Research and Other Soft-Dollar Benefits .....	19
C. Brokerage for Client Referrals.....	19
D. Clients Directing Which Broker/Dealer/Custodian to Use .....	19
E. Aggregating (Block) Trading for Multiple Client Accounts.....	20
F. Cross Trading.....	20
Item 13: Reviews of Accounts.....	20
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	20
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	21
C. Content and Frequency of Regular Reports Provided to Clients .....	21
Item 14: Client Referrals and Other Compensation .....	21
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	21
B. Compensation to Non-Advisory Personnel for Client Referrals .....	21
Item 15: Custody.....	21
Item 16: Investment Discretion.....	22

Item 17: Voting Client Securities (Proxy Voting)..... 23

Item 18: Financial Information ..... 23

A. Balance Sheet ..... 23

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual  
Commitments to Clients ..... 23

C. Bankruptcy Petitions in Previous Ten Years ..... 23

## Item 4: Advisory Business

### A. Description of the Advisory Firm.

This firm has been in business since September 19, 2008, and the principal owners are Matthew Charles Malick and Benjamin Howe Atwater.

### B. Types of Advisory Services

Atwater Malick, LLC (hereinafter "AM") offers the following services to advisory clients:

#### Investment Supervisory Services

AM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. AM discusses goals with clients, and then implements its investment strategy to best match each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

AM evaluates the investments of each client with respect to their risk tolerance levels and time horizon. AM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which each client signs.

#### Financial Planning

Financial planning and consulting services often include, but are not limited to, life insurance, tax concerns, divorce, retirement planning (including retirement plan analysis), investment planning, college planning, and debit/credit planning. This service is based on fixed fees or hourly fees and the final fee structure will be documented in a Financial Planning or Consulting Agreement. However, this service is offered free of charge for clients with managed investment accounts unless otherwise specifically negotiated.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning recommendations. To the extent

that you would like to implement any of our investment recommendations through AM or retain AM to actively monitor and manage your investments, you must execute a written agreement with AM for our investment supervisory services.

## **Services Limited to Specific Types of Investments**

AM does not limit its investment advice and/or money management to specific types of investments or securities. AM may use a variety of securities to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

AM offers the same suite of services to all of its clients. However, specific investments and their implementation are dependent upon the client's specific goals. Additionally, some clients are more interested in Financial Planning than others, and the extent of AM's Financial Planning is client dependent.

Clients may impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent AM from properly servicing the client account, or if the restrictions would require AM to deviate from its standard suite of services, AM reserves the right to end the relationship.

### **D. Wrap Fee Programs**

AM does not participate in any wrap fee programs.

### **E. Amounts Under Management**

AM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$481,551,004	\$ 0	December 1, 2023

### **F. Disclosure Regarding Conflict of Interest – IRA Rollovers**

AM Disclosure - the United States Department of Labor (DOL) - Prohibited Transaction Exemption 2020-02 Disclosure:

AM is required to act in a fiduciary capacity, meaning that all of AM's actions must be in the Client's best interest when offering investment and financial planning advice. This disclosure relates to Clients rolling over any qualified retirement plans (all references to "qualified retirement plans" in this shall

expressly include reference to “no-fee IRAs”).

The United States Department of Labor (DOL), and various other U.S. government agencies, maintain for a fiduciary firm such as AM, that AM must declare to Client that a material conflict of interest exists when AM recommends a rollover from a qualified retirement plan to an IRA that AM manages.

When AM provides investment advice to Client regarding Client’s retirement plan account or individual retirement account, AM is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and / or the Internal Revenue Code, as applicable, which are laws governing retirement accounts.

The way AM derives revenue creates some conflicts with Client interests, so AM operates under a special rule that requires AM to act in Client’s best interests and not put AM’s interests ahead of Client’s.

The material conflict of interest stems from AM’s ability to assess a management fee, utilizing AM’s standard fee schedule, which is negotiable, for rollover IRA accounts.

This fee will often be higher than the fee Client is currently paying in their qualified retirement plan. Unless AM manages Client’s qualified retirement plan, AM receives no revenue from Client’s qualified retirement plan assets unless AM recommends a rollover of said assets to an IRA that AM manages and thereby receives direct compensation from Client.

Hence, the DOL, among other agencies, has determined the previously described rollover and resulting fee is a material conflict of interest. The DOL requires AM to:

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

AM, as a fiduciary, maintains that there are material client benefits to rolling over a qualified plan to AM’s management. When AM has direct management over Client’s rollover IRA, AM can:

- Directly make changes to investments, whereas, when indirectly advising on a qualified plan, AM can only make recommendations which Client may or may not implement.
- Consistently monitor more of the Client’s investable assets.



- Maximize coordination of total investable assets.
- Implement AM's investment management process, which AM, as a fiduciary, believes is highly effective for long-term Clients.
- More readily and easily offer comprehensive financial planning advice.

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by AM, please know that AM and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by AM. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by AM.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in AM receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by AM and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a retirement plan account or IRA, our investment advisor representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of AM or our affiliated personnel.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### Investment Supervisory Services Fees

The compensation of AM for its services rendered hereunder shall be calculated in accordance with the Schedule of Fees outlined in the Client's Investment Advisory Contract or, in writing, between Client and AM. Fees for investment supervisory services for Client are based on a percentage of assets under management as follows:

Total Assets Under Management	Annual Fee
\$1 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.75%
Above \$3,000,000	0.50%

The fees are negotiable, and Client's fee is set forth in Client's Investment Advisory Contract or, as updated, in writing, between Client and AM. Fees are paid quarterly in arrears, and Client may terminate the Account with five (5) days prior written notice. Because fees are charged in arrears, no refund policy is necessary. Client may terminate all accounts without penalty, for full refund, within five (5) business days of signing the advisory contract.

If Client provides written authorization, AM will withdraw advisory fees directly from Client account(s).

The Account minimum, \$1,000,000, can be waived by the investment adviser, based on the needs of the Client and the complexity of the situation.

Fees are negotiable and negotiation factors may include size of relationship, association with other relationships, complexity of management, number of accounts, financial planning needs, level of service, family member or substantial previous relationship, AM employee, etc.

Annual fees are divided and billed on a quarterly basis. AM calculates the quarterly fee by taking the aggregate market value on the last business day of the calendar quarter, multiplying the market value by the annual fee and then dividing by four (4).

AM's fee calculations are based solely on quarter end market values and, therefore, do not consider cash flows during the quarter for established, funded and ongoing relationships and accounts. Cash flows, whether deposits into a relationship or withdrawals out of a relationship, are not prorated for established, funded and ongoing relationships and accounts. Therefore, regardless of the quarterly cash flows, all fees are assessed based solely

on quarter end market values for established, funded and ongoing relationships.

The market value that AM utilizes is from Morningstar Office, AM's portfolio management system. The Morningstar Office market value includes accrued interest calculated using a 365-day year which can result in slight differences from the values reflected at the account Custodian.

AM assesses fees on money market (i.e., cash) balances. Money market balances are part of AM's portfolio management process and therefore AM charges fees on these balances. Money market balances are used for distributions, strategic investment, dollar-cost-averaging as well as other investment purposes that are consistent with AM's portfolio management process. Furthermore, a cash allocation is stated in the Investment Policy Statement (IPS), which Client accepts as part of the investment policy. Sometimes Client directs AM to hold larger cash balances for a variety of reasons. Although AM will follow said Client direction, AM will nonetheless fee these directed cash balances as per Client's standard fee schedule.

AM utilizes tiers as part of its standard fee schedule. A tiered fee schedule assesses a specific basis point fee to the first tier of the fee schedule, then another specific basis point fee to the second tier of the fee schedule, etc. Each tier's fee calculation is based on its specific dollar amount multiplied by that tier's basis point fee. As assets grow from one tier to the next, assets up to the lower tier are still assessed a fee at the lower tier's basis point fee. The tiered fee schedule is a graduated fee schedule, each tier pays its respective rate up to the maximum for that tier. Assets exceeding a tier does not reduce the basis point fee on the lower tiers.

For example, consider a \$7,000,000 client relationship. Based on AM's standard fee schedule, the first tier assesses a 100-basis point fee on the first \$1,000,000. The second tier assesses a 75-basis point fee on the next \$2,000,000. And the third tier assesses a 50-basis point fee on the balance, in this example \$4,000,000. In this example, the account balance is \$7,000,000 and the weighted average basis point fee is 64.29 basis points.

For fees billed in the first and final quarterly periods, AM will prorate the fee based on the number of days in the quarter that the relationship was under AM's management from the date of initial funding through the date of termination.

Because Client's fees will be withdrawn directly from Client's account(s), AM must:

(A) Receive written authorization from the Client to deduct advisory fees from the account(s) held by a qualified custodian, which Client authorizes by initialing the Investment Advisory Contract.

(B) Send the qualified custodian written notice of the amount of the fee to be deducted from the Client's account(s).

(C) Make available, upon Client request, to the Client, written documentation itemizing the fee and the amount of assets under management on which the fee was based.

## **Hourly Fees**

Depending upon the complexity of the situation and the needs of the client, the hourly fee for financial planning only services is \$500. The minimum fee for financial planning is \$5,000. The fees are negotiable, and the final fee schedule will be attached as an Exhibit in the Financial Planning Agreement. Negotiation factors include size of relationship, association with other relationships, complexity, number of accounts, detail of planning, level of service, family member or substantial previous relationship of AM employee, etc. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund policy is necessary. Clients are permitted to terminate their contracts without penalty within five business days of signing the advisory contract.

All fees paid to AM for financial planning services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser (including fees paid to our firm for the investment supervisory fees described above) to implement such recommendations. When providing financial planning services, we will often recommend clients move or transfer assets into accounts managed through our investment supervisory services. There is a conflict of interest in that we could make such a recommendation based on our interest of increasing the amount of assets managed by our firm therefore increasing the management fees we receive and not necessarily based solely on our client's best interest. We control for this conflict of interest by making such recommendations only when we believe it serves the client's overall best interest. Clients always have the final decision to move assets or accounts to our investment supervisory services program.

### **B. Payment of Fees**

#### **Payment of Investment Supervisory Fees**

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears. Advisory fees are also invoiced and billed directly to the client quarterly in arrears. Clients may select the method in which they are billed.

#### **Payment of Financial Planning Fees**

Fixed Financial Planning fees are paid via check. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund policy is necessary.

Hourly Financial Planning fees are paid via check. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund policy is necessary.

### **C. Clients Are Responsible for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by AM. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

AM collects its fees in arrears. It does not collect fees in advance.

### **E. Outside Compensation for the Sale of Securities to Clients**

Neither AM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

AM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

AM generally provides investment advice to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

### **Relationship Size**

There is a client relationship minimum, \$1,000,000, which AM waives based on the needs of the client, the complexity of the situation, association with other relationships, level of service, financial planning needs, family member, or substantial previous relationship of AM employee.

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

### A. Methods of Analysis and Investment Strategies

AM's methods of analysis include goal-based analysis, fundamental analysis and cyclical analysis.

*Goal-based analysis* involves aligning client goals (income, appreciation, volatility, etc.) with an asset allocation that is historically consistent with the client goals.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Cyclical analysis* involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

*Fundamental.* The risk associated with fundamental analysis is that it is subjective. While a quantitative approach is possible, fundamental analysis entails a qualitative assessment of how market forces interact with one another and their impact on the investment in question. Market forces are often inconsistent or even contradictory, thus necessitating an interpretation of which forces will be dominant. This interpretation is frequently wrong and could therefore lead to an unfavorable investment decision.

*Cyclical.* While most economists and investors agree that there are cycles in the economy, the duration, and precise beginning and end, of such cycles is unknown. An investment decision to buy at the bottom of a business cycle will often be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action will result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle if too early, will result in missed opportunity or unrealized losses.

AM utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, will affect investment performance, particularly through increased brokerage and other transaction

costs and taxes. AM generally employs a low turnover, "buy and hold," investment approach.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

AM invests their clients' accounts primarily in individual equities, individual fixed income instruments, indexed exchange traded funds and cash equivalents. It is vital to note that equities are inherently risky. Analysts and other experts cannot anticipate equity losses. Although AM's preference is for "high-quality" fixed income, fixed income also encompasses various risks, including credit and interest rate risk. Cash equivalents, e.g. money market funds, historically display very low risk, but no government guarantee exists for money market funds.

AM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither AM nor its representatives registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither AM nor its representatives registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither AM nor its representatives have any paid relationship outside of their ownership of AM, in other words, no Outside Business Activities (OBAs) related to the securities industry, the financial advisory or asset management businesses.

### **D. Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections**

AM does not utilize nor select other advisors or third-party managers. All assets are managed by AM management.

## **Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

AM does not recommend that clients buy or sell any security in which a related person to AM has a material financial interest, except to the extent that AM principals manage their portfolios in accordance with AM's investment philosophy.

### **C. Investing Personal Money in the Same Securities as Clients**

Representatives of AM buy or sell securities for themselves that they also recommend to clients. AM will always document any transactions that could be construed as conflicts of interest. Representatives of AM believe that they should invest in the same manner as they recommend to clients.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

Representatives of AM buy or sell securities for themselves at or around the



same time as clients. AM will consider the following transactions acceptable:

- Purchases which are part of an automatic investment plan, including dividend reinvestment plans.
- Purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of rights so acquired.
- Acquisition of securities through stock dividends, dividend reinvestments, stock splits, reverse stock splits, mergers, consolidations, spin-offs, and other similar corporate reorganizations or distributions generally applicable to all holders of the same class of securities.
- Purchases or sales of common stocks that are traded on major exchanges with an average daily volume of at least 100,000 shares and carry a market capitalization of at least \$1 billion.
- Purchase or sale of common stocks that are traded on major exchanges with an average daily volume of less than 100,000 shares and a market capitalization of less than \$1 billion if the trade represents less than 1% of the average daily volume of the common stock.
- Open-end investment company shares.
- Certain closed-end index funds.
- Unit investment trusts.
- Exchange traded funds that are based on a broad-based securities index.
- Futures and options on currencies or on a broad-based securities index.
- Block trades to buy or sell common stocks in both client accounts and accounts for AM representatives.

AM will document any trades that its representatives make that meet the above criteria.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

AM chooses its Custodians based on highly competitive transaction fees and well respected and valued marketplace position. AM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

Although AM is a discretionary asset manager, clients are under no obligation to act on our recommendations. We are responsible for ensuring that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in the client's best interest. When considering best execution, we look at several factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality
- Market knowledge and experience
- Administrative efficiency, accuracy and responsiveness

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

Annually, we will review the custodian, evaluating criteria such as overall expertise, cost competitiveness, market knowledge, and financial condition. Quality of execution for custodians will be reviewed through spot trade checks and/or aggregate data.

AM added Schwab Advisor Services as a second primary Custodian beginning in December 2020. AM recognizes Schwab Advisor Services as providing comparable custody services to Fidelity, but without the imposition of a custody fee, which Fidelity instituted for most Fidelity-custodied AM-advised client accounts in 2021.

Currently, we recommend the use of National Financial Services, LLC, a Fidelity affiliated company; or Schwab Advisor Services, a Charles Schwab Corporation affiliated company; or Empower Retirement, a Great West Life and Annuity Insurance affiliated company; all of which are SEC-registered broker/dealer member FINRA/SIPC. Custodians provide AM with access to their institutional trading and custody services, typically not available to retail investors. The services from Custodians include brokerage, custody, research and access to mutual funds and other investments. Custodians further provide extensive back office and administrative functions.

Custodians also make available to AM other products and services that AM benefits from but may not directly benefit client accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts

- Assist with back-office functions, recordkeeping and client reporting
- Process client administration requests such as money movement, beneficiary designations, tax reporting, statement generation, etc.

Many of these services are used to service all or a substantial number of our accounts. Custodians also make available other services intended to help us manage and further develop our business. These services may include:

- Consulting, coaching, publications and conferences on practice management
- Information technology
- Regulatory compliance
- Marketing

In addition, Custodians make available, arrange and/or pay for these types of services rendered to AM by independent third parties providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation that clients maintain their assets in accounts at selected Custodians is based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Custodians. This creates a conflict of interest. We attempt to control for and mitigate this conflict of interest by reviewing the factors on the preceding two pages and comparing Custodians against their competitors to determine that our recommendation that clients use certain Custodians is ultimately based on our clients' overall interest in receiving the best execution possible given all facts and circumstances.

## **B. Research and Other Soft-Dollar Benefits**

There is no minimum client number or dollar number that AM must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for AM to direct clients to this particular broker/dealer over other broker/dealers who offer the same services.

## **C. Brokerage for Client Referrals**

AM receives no referrals from a broker/dealer or third party in exchange for using that broker/dealer or third party.

## **D. Clients Directing Which Broker/Dealer/Custodian to Use**

AM does not allow clients to direct brokerage. AM does allow for clients to choose a custodian among the group of custodians for which AM has an active relationship. Clients should understand that not all investment advisors require

the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, AM may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, AM has decided to require our clients to use broker/dealers and other qualified custodians determined by AM.

### **E. Aggregating (Block) Trading for Multiple Client Accounts**

We can elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when AM believes such action will prove advantageous to clients. When we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to allocate orders among clients on a more equitable basis to avoid differences in prices that might be obtained when orders are placed independently, or to achieve better execution, to negotiate more favorable commission rates. AM uses the average price allocation method for transaction allocation.

Under this procedure AM will calculate the average price and transaction charges for each transaction included in a block order and assign the average price to each allocated transaction executed for the client's account.

When we determine to aggregate client orders for the purchase or sale of securities, including securities in which AM or our supervised persons invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. Neither we nor our supervised persons receive any additional compensation as a result of block trades.

### **F. Cross Trading**

AM does not permit cross trading in client accounts.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

The securities in every client's account will be under on-going and continuous review, but no less frequently than monthly. Accounts will be reviewed by

Managing Members; Matthew Charles Malick and/or Benjamin Howe Atwater. The advisors review client accounts in accordance with the client's investment policy and risk tolerance. Triggers for these reviews include client meetings, emails, and phone calls; bond maturities and calls; cash balance lists; purchasing new or adding to existing securities; cash inflows and outflows; compliance reports and projects.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews are triggered by material market, economic and by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

For our asset management services, clients are provided with transaction confirmation notices and regular quarterly (or monthly) account statements in writing directly from the qualified custodian. Additionally, AM provides position or performance reports upon request, or commonly during face-to-face client meetings, or because of client inquiry or request.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

AM does not receive any economic benefit directly or indirectly from any third party for advice rendered to AM clients.

#### **B. Compensation to Non-Advisory Personnel for Client Referrals**

AM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor can access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

AM is deemed to have custody of client funds and securities whenever AM is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody AM will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which AM is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from AM. When clients have questions about their account statements, they should contact AM or the qualified custodian preparing the statement.

## **Item 16: Investment Discretion**

When providing asset management services, AM maintains trading authorization over your account(s) and can provide management services on a discretionary basis (which shall be granted in our written investment advisory agreement). When discretionary authority is granted, we will have the authority to determine the type of securities, the amount of securities that can be bought or sold and the broker or dealer to be used for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a non-discretionary basis (which shall be granted in our written investment advisory agreement), we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations, and we may not achieve the optimal trading

price.

You will have the ability to place reasonable restrictions on the types of investments that AM purchases in your account(s). You are able to place reasonable limitations on the discretionary power granted to AM so long as the limitations are specifically set forth or included as an attachment to the advisory agreement.

AM does not permit trade away brokerage.

### **Item 17: Voting Client Securities (Proxy Voting)**

AM will not ask for, nor accept voting authority for client securities. Clients may choose to receive proxies directly from the issuer of the security or the custodian. Clients may choose to direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

AM only assesses fees in arrears and, therefore, AM does not require nor solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, therefore, does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither AM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

Neither AM nor have its management been the subject of a bankruptcy petition in the last ten years.