

# Verdence Capital Advisors, LLC

## Brochure

**Dated: March 28, 2024**

Chief Compliance Officer: Kevin Michael Cuff  
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Hunt Valley, Maryland 21031  
<https://verdence.com/>

**This Brochure provides information about the qualifications and business practices of Verdence Capital Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (410) 472-5384. 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 Verdence Capital Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Verdence Capital Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since the last amendment to this Brochure initiated by Verdenca Capital Advisors (the “Registrant,” “we,” “us,” “our”) on November 8, 2023, we report no material changes to our business.

As previously reported on November 8, 2023, subsequent to our annual amendment on, March 30, 2023, the following material changes occurred in our business:

- We completed the integration of Vantage Private Wealth, a Naples, FL-based wealth management firm acquired by the Registrant in July 2023.
- With this acquisition, the Registrant maintains a branch office in Naples, FL:  
5551 Ridgewood Drive, Suite 303  
Naples, FL 34108  
(239) 236-4333
- Item 5 of this Brochure was updated to reflect flat fee arrangements available to certain legacy Vantage Private Wealth clients.

We have made routine changes throughout the Brochure to improve and clarify the descriptions of our business practices and compliance policies and procedures or in response to evolving industry and firm practices. We believe that these changes are not material and therefore do not describe them in this Item 2.

Upon request, we will provide clients (“you,” “your”) with a comparison of this Brochure against the one previously filed indicating these changes. We will provide you with a new Brochure as necessary based on regulatory requirements, in the event of material changes or new information, without charge. Should you require a copy of our most current Brochure at any time, please contact us at (410) 472-5384. Please read this Form ADV Part 2A in its entirety. Additional information about the Registrant is available on the IAPD website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by searching for our CRD #288512.

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## Item 4 Advisory Business

- A. Verdenca Capital Advisors, LLC (the “Registrant”) is a limited liability company formed in July 2017 in the State of Delaware. The Registrant became registered as an Investment Adviser Firm in June 2017. The Registrant is principally owned by Managing Member, Leo J. Kelly III. The Registrant’s principal office is located in Hunt Valley MD, with branch offices in Alexandria VA and Naples FL.

B.

### INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary investment advisory services on a *fee* basis. The Registrant’s annual advisory fee shall be based upon a percentage of the assets placed under its management, as set forth below in Item 5. Prior to engaging the Registrant to provide investment advisory services, clients are generally required to enter into an *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 applicable fees.

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

### VERDENCA WRAP FEE PROGRAM

The Registrant provides discretionary investment management services on a wrap fee basis to certain clients in accordance with the Registrant’s investment management wrap fee program (the “Program”). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, which is maintained separately. Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees, and in some instances, fees charged by independent managers and/or separately managed accounts. However, clients are generally responsible for amounts including, but not limited to, trustee fees, mutual fund expenses, ETF expenses, fees for trades executed away from custodian, mark-ups, mark-downs, transfer taxes, fees charged by independent managers and/or separately managed accounts (when such managers require the client to enter into a dual contract relationship) odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (such fees are in addition to any fees paid by the client to the Registrant and are between the client and the account custodian). The current annual Program fee ranges from negotiable up to 1.50%, depending upon the complexity of the account, the amount of the client assets in the Program and the independent/separately managed accounts utilized by the client’s investment portfolio.

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure. All Program participants should read both the Brochure and the Wrap Fee Program Brochure and ask any corresponding questions that they have about their participation in the Program.

**Please Note:** As indicated in the Wrap Fee Program Brochure, participation in the Program costs more or less than purchasing such services separately. When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its asset management services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by the Registrant for participation in the Program is higher or lower than those charged by other sponsors of comparable wrap fee programs.

**Important Note:** The Registrant is no longer accepting new clients in the Wrap Fee Program.

### **VERDENCE/FAMILY**

Verdence/FAMILY is a team of professionals within Verdence Capital Advisors offering family office services, which are broader in scope than traditional investment management and financial planning engagements. Family office clients typically require additional services that may or may not be directly related to their investable assets. These services include, but are not limited to, investment management, financial planning, estate planning, tax planning, insurance reviews, administrative support, bookkeeping, and other concierge services.

As part of its family office services, the Registrant will provide bill payment, reconciliation, and related bookkeeping services for certain clients. The Registrant has developed reasonable policies and procedures to address identity theft and custody issues.

The Registrant typically manages assets for family office clients and therefore does not charge separately for the family office services disclosed above. The full scope of client service needs is considered during the fee negotiation process.

### **VERDENCE/PRO**

Verdence/PRO is a team of Sports and Entertainment specialists within Verdence Capital Advisors who advise business owners, elite athletes, and entertainment professionals on an array of complex financial matters and investing. The Verdence/PRO team works closely with clients who are pro athletes and entertainment professionals with the objective of making the most of what they have earned by serving them through education, empowerment, and unbiased advice. The Verdence/PRO team seeks to help professional athletes and entertainers manage their financial challenges and life complexities. When appropriate, the team offers investment management, financial counseling, budget and cash flow ideas, long-term financial planning, career path analysis, life skills and economic education, private investment screening, and philanthropic strategies. The Registrant's annual investment advisory fee shall include investment management, and, to the **extent specifically requested** by the client, the additional services described herein.

## VERDENCE/OCIO

Verdence/OCIO offers select services directly to Registered Investment Advisors, Multi-Family Offices and Single-Family Offices (“independent advisers”) by leveraging our existing platform: technology, infrastructure and thought leadership, to serve their clients and grow their businesses. Outsourced Chief Investment Office (“OCIO”) services include research, asset allocation, portfolio construction, manager selection, and investment execution.

Verdence/OCIO offers its services to independent advisers as follows: (1) OCIO sub-advisory services to be performed on the client’s account at the direction of the independent adviser, and/or (2) OCIO consulting services to include investment research, manager evaluation, and model portfolio allocation on a non-discretionary basis only wherein such independent adviser shall use such information to make investment decisions on behalf of its clients as deemed appropriate.

Under the sub-advisory arrangement, the independent adviser designs a single portfolio that accesses multiple asset managers and funds made available through the Verdence/OCIO platform, representing various asset classes. The independent adviser has full discretion to construct the portfolio mix of asset managers and make changes over time as deemed necessary. The Registrant is responsible for trade execution and generally trades with the client’s custodian. See Item 12 for more information about brokerage practices and related costs. See the *Sub-advisory Agreement* for a complete discussion of terms of service, fees, and other important information.

Under the consulting arrangement, the independent investment adviser negotiates the scope of services desired, which may include all or some of the following: investment research, manager evaluation, and asset allocation. See the applicable *Financial Services Agreement* (governing consulting services to independent advisers) for a complete discussion of terms of service, fees, and other important information.

Each independent adviser determines which services under the Verdence/OCIO umbrella to utilize with its clients. Such clients should therefore consult their independent adviser’s Form ADV Part 2 for a full description of that independent adviser’s partnership with Verdence/OCIO.

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

In certain cases, the Registrant is 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 \$5,000-\$100,000 on a fixed fee basis, and from \$250-\$500 on an hourly rate basis, depending upon the level, complexity, 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.

The client is under no obligation to engage the services of any such recommended professionals. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **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.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by the client, Registrant provides financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant **does not** serve as a law firm or accounting firm, 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 will recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such decisions and is free to accept or reject any recommendation from Registrant and/or its representatives.

**Please Note:** If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant maintains 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. When the account is holding cash positions, those cash positions will be subject to the same advisory fee as set forth in Item 5 below. During periods of exceedingly low short-term interest rates, client fees paid on cash balances will exceed money market yields.

**Retirement Plan Rollovers: No Obligation / Potential for Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and could 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. The Registrant operates under a special rule that requires that we act in the client's best interest and not put our interest ahead of the client's. Under this special rule's provisions, the Registrant must: (i) meet a professional standard of care when making investment recommendations (give prudent advice); (ii) never put our

financial interests ahead of the client's when making recommendations (give loyal advice); (iii) avoid misleading statements about conflicts of interest, fees, and investments; (iv) follow policies and procedures designed to ensure that we give advice that is in the client's best interest; (v) charge no more than is reasonable for their services; and (vi) give the client basic information about conflicts of interest. **No client is under any obligation to roll over retirement plan assets to an account managed by the Registrant. The Registrant's Chief Compliance Officer, Kevin Michael Cuff, remains available to address any questions that a client or prospective client has regarding the potential for conflict of interest presented by such rollover recommendation.**

**Separately Managed Account Programs and Independent Managers.** For certain eligible clients, the Registrant allocates (and/or recommends that the client allocate) a portion of a client's investment assets among unaffiliated Separately Managed Account Programs "SMAs" and/or independent investment managers in accordance with the client's designated investment objective(s). In such situations, the SMAs or 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 advisory 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 an SMA or 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, Registrant's advisory fee as set forth in Item 5.

**Unaffiliated Private Investment Funds.** Registrant provides investment advice regarding unaffiliated private investment funds. Registrant also recommends 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).

**Please Note:** 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, 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.

**Please Also Note: Valuation.** In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date), or the current value(s) (either the initial purchase



price and/or the most recent valuation provided by the fund sponsor). The valuation could reflect the initial purchase price (and/or a value as of a previous date) but the actual current value(s) (to the extent ascertainable) could be significantly more or less than the valuation reflected. The client's advisory fee shall be based upon reflected fund value(s).

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

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement, Financial Planning and Consulting Agreement, Sub-advisory Agreement, or Financial Services 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 is permitted to, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (*i.e.*, investment advisory, brokerage, custody) (*See* Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (*i.e.*, investment advisory, brokerage, custody). **Please Note:** When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.
- E. As of December 31, 2023, the Registrant managed \$3,306,595,930 in assets, all on a discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **NON-WRAP FEE BASIS**

The Registrant's legacy annual investment advisory fee for discretionary investment advisory services provided on a non-wrap *fee* basis shall vary from negotiable up to 1.30% of the total assets placed under the Registrant's management/advisement and shall be based upon various objective and subjective factors.

For new clients onboarded on or after April 1, 2022, the tiered schedule shown below applies. The rates shown below apply to the market value of all assets under management, including cash

balances that are available for investment. These rates represent annual fees, which are invoiced quarterly in advance.

Annual Fee Schedule:  
First \$5,000,000: 1 percent  
Next \$5,000,000: 0.75 percent  
Next \$15,000,000: 0.65 percent  
Next \$25,000,000: 0.55 percent  
Next \$50,000,000: 0.45 percent  
Balance: 0.30 percent

There are exceptions to the fee schedule shown above, which generally are as follows: (a) fees for existing Registrant clients that are subject to a lower fee than shown above will remain at the lower fee; (b) fees for Registrant Wrap Fee Program are not subject to change; (c) fees for Family Office clients may vary based upon the scope of services; and (d) the Registrant may negotiate fees with any new advisors joining the firm who have established relationships with clients they bring to the Registrant which could result in their fees diverging from the above fee schedule. See Item 5 for more information.

**Important Notes to the Fee Schedule:**

- The minimum threshold for fees and/or Assets Under Management is at times adjusted based upon an estimation of the complexity and time anticipated for the services to be rendered.
- Clients who engaged the Registrant's services prior to April 1, 2022 were grandfathered under their pre-existing fee schedules as same are annexed to the Investment Advisory Agreement between the client and the Registrant.
- Clients who were previously served by Vantage Private Wealth were grandfathered under their pre-existing fee schedules as same are annexed to the Investment Advisory Agreement between the client and the Registrant. For legacy Vantage clients who choose to use margin in their managed account for cash needs as an alternative to other borrowing options, the advisory fee will continue to be assessed gross of the margin amount.
- Fee assessments will be pro-rated for partial periods in which client accounts are managed by the Registrant.
- When applicable, accounts will be "household" to establish fee tiers.
- The fee schedule change does not apply to wrap fee clients.

The Registrant, in its sole discretion, in certain situations, reduces its investment management fee and/or reduces or waives its minimum asset or fee requirement 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.). When calculating advisory fees, the Registrant will generally aggregate account values for each client relationship, which will typically include accounts of both spouses and minor children, and (at the exclusive discretion of the Registrant) occasionally include adult children as well. Fees for employee and family accounts are generally discounted or waived.

**VERDENCE WRAP FEE PROGRAM**

The Wrap Fee Program provides participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody,

reporting, account maintenance, investment management fees, and in some instances, fees charged by independent managers and/or separately managed accounts. The current annual Program fee ranges from negotiable up to 1.50%, depending upon the complexity of the account, the amount of the client assets in the Program and the independent/separately managed accounts utilized by the client's investment portfolio.

**Fee Differentials.** As indicated above, Registrant shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management. However, fees may vary depending upon various objective and subjective factors, including but not limited to the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result, similar clients could pay different fees, which will correspondingly impact a client's net account performance. Moreover, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Important Note:** As noted in Item 4 above, the Registrant is no longer accepting new clients in the Wrap Fee Program. See separate Wrap Fee Brochure for more information.

#### **VERDENCE/FAMILY**

The fee schedule outlined above in the "Non-Wrap Fee Basis" section generally apply to Verdenche/FAMILY clients, however such fees may vary based upon the scope of services provided.

#### **VERDENCE/PRO**

The fee schedule outlined above in the "Non-Wrap Fee Basis" section apply to Verdenche/PRO clients, however such fees may vary based upon the scope of services provided.

#### **VERDENCE/OCIO**

**OCIO Sub-advisory Fees:** For each client account to which the Registrant provides sub-advisory services, the independent adviser shall pay a fee to the Registrant as specified in the applicable Investment Strategy Addendum, which is incorporated into the Sub-advisory Agreement. The fee is deducted from the client account, with a portion retained by the Registrant and the remaining fee distributed to the underlying asset managers. The fee is separate from and will not include the costs of brokerage commissions, dealer spreads, and other costs associated with the purchase or sale of securities, custodian fees, interest, taxes, and other account expenses, which are charged in addition to the fee, and are solely the responsibility of the client (and paid to parties other than the Registrant and the independent adviser).

**OCIO Consulting Fees:** The fees payable for OCIO consulting services include an annual base fee which is negotiated on the basis of factors that include the scope of services utilized, the size of the independent adviser as measured by users and assets under management, among others. The fee is payable quarterly in advance. The Registrant's fee schedule incorporates an annual fee increase which varies but approximates 5%. The first fee increase shall commence on the first anniversary date following commencement date of the Agreement and is assessed annually going forward. If either party terminates the

Agreement prior to The Registrant shall refund a pro rata portion of any fees paid in advance but not earned by the Registrant as of the date of termination.

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

The Registrant provides financial planning and consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$5,000 to \$100,000 on a fixed fee basis, and from \$250 to \$500 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 have the option to elect to have the Registrant's advisory fees deducted from their custodial account. In these situations, both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that advisory fee to the Registrant in compliance with regulatory procedures. The Registrant does not issue invoices to direct debit fee clients nor does the custodian independently verify fees. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab & Co. Inc. ("*Schwab*") or Fidelity Investments ("*Fidelity*"), (collectively, the "*Custodians*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as the *Custodians*, which are unaffiliated with Registrant, charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Please Note:** Clients who engage the Registrant on a wrap fee basis **will not** incur brokerage commissions and/or transaction or asset based custodial fees in addition to the Program fee.

- 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. Fees for any partial quarter in which a new client account is funded are prorated for the number of days the account is under the Registrant's management.

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. **Independent Manager Fees.** The investment management fee charged by an Independent Manager(s) is separate from, and in addition to, Registrant's advisory fee. Clients should

be aware that in many cases, access to Independent Managers is available directly without the involvement of the Registrant, which would alleviate the layering of fees.

## **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, pension and profit-sharing plans, trusts, estates, charitable organizations, independent investment advisers, and broker-dealers. The Registrant generally requires a minimum annual fee of \$10,000. The Registrant, in its sole discretion, reduce or waive its minimum annual fee requirement and/or charge a lesser investment management 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.).

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

A. The Registrant utilizes the following methods of security analysis:

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

The Registrant utilizes 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)

### 1. Fundamental Analysis

Registrant measures what it believes is the fair value of a security by analyzing economic and financial factors and events which affect the security's asset class (e.g., equity or fixed income), the industry sector (e.g., financial services, energy, health care and consumer durables) and the specific security itself. These fundamental factors and events relate to the overall economy, industry trends regarding sales and earnings, and the financial condition and management of the security issuer itself to determine what Registrant perceives to be the fair value for the security under review for acquisition (undervalued) or sale (overvalued).

The effort and resources that Registrant expends to perform fundamental analysis does not provide an opinion regarding future market movements or securities valuation. Fundamental analysis provides a current temperature of the economy and industry

sector under review and provides an informed opinion as to the fair value of a given security under review.

## 2. Technical Analysis

Registrant analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Registrant evaluates securities for purchase or sale by analyzing recurring statistical patterns that are generated by market activity. These statistics include past prices and trading volume and their manifestation over time (e.g., days, weeks, months, or years) as a recognizable pattern.

Unlike fundamental analysts, technical analysts do not attempt to measure a security's intrinsic value, but instead believe that the historical performance of a security relative to its price, traded volume, and time, produce patterns which may be reliable indications of the future performance of that security.

Technical analysis does not consider the underlying financial condition of a company, industry, or asset class. This presents a risk in that a poorly managed or financially unsound company or depressed industry or asset class may underperform regardless of technical indicators. However, Registrant's application of technical analysis provides a useful corroboration of a fundamental view or in lieu of this corroboration provides an opportunity to reevaluate fundamental analysis prior to transacting.

## 3. Cyclical Analysis

Registrant analyzes the risk of a change in current business or economic cycles and the likelihood that the change would affect the prospective return on an investment held or under consideration primarily due to a change in the profitability of the company, industry, or sector in question. This analysis observes economic peaks, downturns and troughs and their relationship to the underlying profitability of a particular securities issuer, industry or sector.

## 4. Long Term Purchases

Registrant purchases securities with the intent of holding them in the client's account for a year or longer. Typically, Registrant employs this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a specific asset class over time, regardless of the current projection for this class or industry sector insofar as we anticipate a significant change in the business cycle and the corresponding positive effect it will likely have upon a particular asset class or industry sector.

A risk in a long-term purchase strategy is that by holding the security for this length of time, Registrant may not take advantage of short-term gains that could be profitable to a client. Moreover, if Registrant's forecasts are incorrect, a security may decline sharply in value before we make the decision to sell.

## 5. Short Term Purchases

When utilizing this strategy, Registrant purchases securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an effort to take advantage of conditions that we believe will soon result in an advantageous price swing in the securities purchased.

A short-term purchase strategy poses risks should the anticipated price swing not materialize. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

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

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

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses could 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, could incur higher transactional costs when compared to a longer-term investment strategy.

- C. Registrant seeks to tailor its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Registrant consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Registrant if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Registrant determines, in its sole discretion, the conditions will not materially impact the performance of a management strategy or prove overly burdensome to Registrant's management efforts.
- D. Currently, the Registrant primarily allocates client investment assets among various mutual funds, individual equities (stocks) and debt instruments (bonds) on a discretionary basis in accordance with the client's designated investment objective(s).

While the Registrant strives to construct portfolios that are diversified, there is no guarantee that market forces will not overwhelm diversification efforts, subjecting clients to correlation risk. Recognizing that assuming some type of risk is unavoidable, the Registrant takes a risk-based approach to minimize the probability and magnitude of losses. Such risk

management steps include proper asset and sector allocation, proactive tactical shifts to exploit opportunities or avoid risks, in-depth and independent research, financial planning, client education, and regular portfolio monitoring and client reviews.

Finally, regular communication with clients plays a critical role in maintaining a prudent and successful long-term investment program. Please see **Table 1** at the end of this disclosure for an important summary of the primary investment and related risks and the steps taken by the Registrant to minimize these risks. Please note this list is intended to highlight primary risks of investing assets with the Registrant but does not capture all such risks.

## **Item 9           Disciplinary Information**

Neither the Registrant nor any of its supervised persons have been the subject of a disciplinary action.

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

- A. Neither the Registrant, nor its management persons, 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. **Affiliate Sponsored Private Investment Funds.** One or more Principals of the Registrant are indirect owners (through the entity Hunt Valley Partners, LLC) of Independent Access Partners, LLC, an adviser formed to sponsor private investment funds. The Registrant, on a non-discretionary basis, recommends that certain qualified clients consider allocating a portion of their investment assets to one or more affiliated private funds. Independent Access Partners, LLC waives fees for Registrant clients who invest in such funds, although the Registrant's advisory fees still apply to client assets invested in such affiliated private funds. The terms and conditions for participation in the affiliated private funds, including conflicts of interest and risk factors, are set forth in fund offering documents. The Registrant's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

**Please Note:** 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 qualified client for review and consideration. Unlike other liquid investments, 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.

**Please Also Note: Conflict of Interest.** The recommendation that a client become an investor in an affiliated private fund could present a **conflict of interest**. To mitigate this



conflict of interest, the Registrant carefully qualifies eligible clients, and recommends private fund allocations as a means to diversify client portfolios more broadly. No client is under any obligation to become an investor in an affiliated private fund. **The Registrant's Chief Compliance Officer, Kevin Michael Cuff, remains available to address any questions regarding this conflict of interest.**

**Please Also Note: 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 such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price. Annual fund audit statements generally contain information related to valuation.

- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

## **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 buy or sell securities that are also 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 potential conflict of interest. Practices such as "scalping" (*i.e.*, a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (*i.e.*, personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his 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 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. Finally, each Access Person must provide the Chief Compliance Officer or his designee with a written report of the Access Person's securities transactions in certain reportable securities each calendar quarter..

- D. The Registrant and/or representatives of the Registrant at times 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 potential 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.
- E. Access Persons are permitted to invest in private placements and limited offerings (including those sponsored by Registrant clients) as long as there are no material conflicts with client interests. The Registrant maintains policies and procedures detailed in its Code of Ethics to ensure that Access Person investment in these opportunities do not crowd out Registrant clients nor impede the Registrant's fiduciary duty. The Registrant's Chief Compliance Officer is responsible to pre-approve all Access Person investment in private or limited offerings. The Registrant has not and will not favor any client in terms of fees or allocation of investments in exchange for Access Person opportunities to invest in private or limited offerings sponsored by clients.
- F. Current or prospective clients may obtain a copy of the Registrant's Code of Ethics by contacting the Chief Compliance Officer at (410) 472-5384.

## **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 direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*, *National* and/or *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 *Schwab*, *National* and/or *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 obtain best execution, a client could pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research

provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it does not necessarily obtain the lowest possible commission rates for client account transactions in all cases. 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 *Schwab, National* and/or *Fidelity* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) 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 obtained by the Registrant generally include 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 received 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.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, National* and/or *Fidelity* as a result of these arrangements. There is no corresponding commitment made by the Registrant to *Schwab, National* and/or *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.

**The Registrant's Chief Compliance Officer, Kevin Michael Cuff, remains available to address any questions that a client or prospective client has regarding the above arrangement and any corresponding perceived conflict of interest.**

1. Other Benefits

From time to time, Registrant representatives attend a seminar or conference that relates to the business of the Registrant. For example, a representative may attend a mutual fund conference or IMPACT conference wherein the custodian or sponsor pays in full or discounts the representative's conference fees and travel expenses. The Registrant does not solicit these benefits and they are not offered to induce the Registrant to maintain client assets with or trade with these custodians or sponsors. Nonetheless, there is a conflict of interest between the Registrant's fiduciary duty to clients and the benefits the Registrant receives as outlined above. To mitigate such conflicts, all such activities must be pre-approved by the Chief Compliance Officer, be reasonable in value, directly relate to the business of the Registrant, and also be in keeping with applicable compliance policies.

From time to time, the custodian will waive transfer fees when a new client account is transferring in from another custodian. This practice benefits the client and the Registrant who would otherwise bear such fees.

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 could at times 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 could in some cases 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 available through Registrant.

**The Registrant's Chief Compliance Officer, Kevin Michael Cuff, remains available to address any questions that a client or prospective client has 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 will generally (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Registrant's clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on a periodic basis by the Registrant's investment advisor representatives, at least annually. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B. The Registrant will conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant receives an indirect economic benefit from the *Custodians*. The Registrant, without cost (and/or at a discount), receive support services and/or products from the *Custodians* because our clients maintain their accounts at such *Custodians*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at the *Custodians* as a result of this arrangement. There is no corresponding commitment made by the Registrant to the *Custodians* 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. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a Custodian. The products and services provided by the Custodians, how they benefit us, and the related conflicts of interest, are described above (see Item 12—Brokerage Practices).

**The Registrant's Chief Compliance Officer, Kevin Michael Cuff, remains available to address any questions that a client or prospective client has regarding the above arrangement and any corresponding perceived conflict of interest.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant will pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 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 and terms of his/her/its solicitor relationship.

#### **Item 15      Custody**

- A.      Direct Fee Debit

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. In most cases, the Registrant shall have its advisory fee for each client debited from the client's account by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client

accounts. They will be sent to the email or postal mailing address you provided to the custodian.

Clients are responsible to select qualified custodians to hold funds and securities within investment accounts managed on their behalf. With regard to direct fee deduction arrangements, the Registrant performs a periodic due inquiry to ascertain that the qualified custodian sends an account statement, at least quarterly, to each client for which the qualified custodian maintains funds or securities.

#### B. Third-Party Standing Letters of Authorization

In accordance with regulatory guidance, the Registrant has custody if it has the authority to transfer client funds to a non-account owner pursuant to a Standing Letter of Authorization (“SLOA”). Under a third-party SLOA, the client account owner generally executes a document for the custodian that permits the Registrant to transfer funds from the account to a person or entity other than the account owner (i.e., for payment of bills, insurance premiums, taxes, etc.) on an ongoing basis (rather than requiring the account owner to pre-authorize the transfer, in writing, each time), after having provided standing instructions to do so.

In accordance with regulatory guidance, and to avoid a surprise custody exam, the Registrant only permits third party SLOAs when ALL the following seven criteria are met:

- Client provides written instruction to custodian, signed by the client, and includes recipient’s name and address or name and account number at the custodian to which the transfer is to be directed.
- Client provides written authorization to adviser (on custodial form or separately), to direct transfers to the third party either on a specified schedule or from time to time.
- Client's custodian verifies client's instruction, such as signature review or other method, and provides transfer of funds notice to client promptly after each transfer.
- Client has the ability to terminate or change instruction to custodian.
- The Registrant has no authority or ability to designate or change the identity of the third party, address, or any other information about the third party.
- The Registrant maintains records showing that the third party is not a related party of the Registrant or located at the same address as the Registrant.
- Custodian sends the client initial and annual written notices confirming the instruction.

#### C. First Party Standing Letters of Authorization

In certain situations, custody includes first party transfers of funds among a client’s own accounts held at different custodians. For the Registrant to avoid a surprise custody exam, the client must provide written, signed authorization to the sending custodian, specifying the name and account numbers on the sending and receiving accounts (routing number or name of receiving custodian), such that the sending custodian has a record that the client has identified the accounts for which the transfer is being effected as belonging to the client. If these criteria cannot be satisfied, then the Registrant must treat the situation as a third-party SLOA, which is discussed above.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to carefully compare any statement or report provided by the Registrant with the account statements received from the account custodian. The Registrant's reports are generated from the Orion system and will at times vary from custodial statements based on differences between accounting procedures, reporting dates (trade date versus settle date), pricing sources, asset carve outs, the timing of dividend and/or accrued interest recognition, or valuation methods for certain securities. Client questions about these differences should be directed to the Registrant or custodian of record.

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

#### D. Limited Bill Paying Services

In the context of providing bill payment and bookkeeping services to certain Verdecence/FAMILY (family office) clients, the Registrant sometimes takes custody of client bank accounts through signature authority. In these circumstances, the client and the Registrant enter into a separate agreement which details the roles and responsibilities of the Registrant and the client. Additionally, the accounts are maintained at a qualified custodian; the client receives monthly account statements directly from the custodian; the Registrant employs policies and procedures in the management of the designated accounts; the accounts are reconciled monthly by the Registrant; and the Registrant may provide clients with a monthly or quarterly summary of all account activity, depending on the nature of the account and activity.

Further, the Registrant has engaged an independent public accounting firm not affiliated in any way with the Registrant to perform an annual surprise verification examination. The purpose of such an examination is to verify that the funds and securities held in accounts actually exist and are located at the applicable qualified custodian.

### **Item 16 Investment Discretion**

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

Clients who engage the Registrant on a discretionary basis are permitted to, at any time, impose reasonable 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.      Voting Proxies

Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies (however, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits). The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request.

The Registrant shall monitor corporate actions of individual issuers consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors that Registrant will consider when determining how it will vote differ on a case-by-case basis, they could include, but are not limited to, the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. The Registrant is at times solicited to vote on matters including corporate governance, adoption, or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility.

The Registrant utilizes research from a third-party proxy voting service as a guide to vote client proxies. The service populates each ballot with vote recommendations based on the Registrant's internal proxy guidelines as well as client proxy voting directives (if any). Any additional solicitation materials filed by the issuer before the submission deadline are considered before final votes are cast. The proxy voting service uses an electronic vote management system that automatically populates each ballot with vote recommendations based on the specific proxy-voting guidelines selected by the client without prior review by the Registrant, thereby enabling the automatic submission of votes in a timely and efficient manner. The pre-population of voting recommendations on a ballot strictly adheres to each client's selected proxy voting guidelines. Under no circumstances is the proxy voting service authorized to deviate from a client's proxy voting guidelines.

The proxy voting service will not proceed with the automatic voting of pre-populated ballots if it has become aware that an issuer intends to file or has filed additional soliciting materials before the submission deadline. In such instances, the proxy voting provider will consider such information prior to voting to ensure that it is voting in clients' best interests. The proxy voting provider has policies and procedures in place to ensure that proxy-voting recommendations are based on current and accurate information from issuers.

The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer at (410) 472-5384.

### B.      Class Action Lawsuits

Sometimes securities held in the accounts of clients will be the subject of class action lawsuits. In early 2021, the Registrant engaged Chicago Clearing Corporation ("CCC") to provide a comprehensive review of our clients' possible claims to a settlement throughout



the class action lawsuit process. CCC actively seeks out any open and eligible class action lawsuits.

Additionally, CCC files, monitors, and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients. CCC's filing fee is contingent upon the successful completion and distribution of the settlement proceeds from a class action lawsuit. In recognition of CCC's services, CCC receives a percentage of our clients' share of the settlement distribution. This percentage has been negotiated between the Registrant and CCC and is disclosed to clients participating in the program. When the Registrant receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by clients, it will work to assist clients and Chicago Clearing Corporation in the gathering of required information and submission of claims. Clients are automatically included in this service but may opt out by contacting the Registrant's Chief Compliance Officer. If a client opts out, the Registrant and CCC will not monitor class action filings for that client.

**Item 18 Financial Information**

- A. The Registrant charges fees on a quarterly basis. The Registrant does not collect 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, Kevin Michael Cuff, remains available to address any questions that a client or prospective client has regarding the above disclosures and arrangements.**

**Table 1 – Risks Associated with Investments**

*As noted in Item 8 above, please read this important summary of primary investment risks and the steps taken by the Registrant to minimize these risks. Please note this list is intended to highlight primary risks of investing assets with the Registrant but does not capture all such risks.*

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
Risk of Loss - General	Investing in securities involves risk of loss that clients should be prepared to bear.	Diversification, asset allocation, tactical changes in allocation
Investment Management Risk	The Registrant's strategies are actively managed. A strategy may not meet its investment objective and could underperform other similar strategies with comparable investment objectives managed by other advisors.	Continuous oversight of strategies, Investment Committee policy

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
Business Risks Related to COVID-19	The global spread of the coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization in March 2020. COVID-19 and its impact on supply chains, availability of workers, and inflation, have caused volatility, severe market dislocations, and liquidity constraints in many financial markets, including markets in which the Registrant trades, and may continue to adversely affect the volatility and performance of client account holdings. Furthermore, the long-term impact of the accommodative monetary policy and government economic relief spending in the United States, aimed at countering the adverse effects of the pandemic, is unknown. However, any meaningful and sustained rise in inflation could adversely impact the value and performance of client account holdings.	Constant monitoring, rebalancing, communication, and disclosure
Analysis Risk	The Registrant's securities, asset allocation, and market analysis methods rely on the assumption that the securities we purchase and sell, the research firms that provide data and analysis on these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information, or we may come to an incorrect conclusion based on our analysis.	Multiple sources of data, frequent revisiting of data and assumptions
Market Fluctuation	Financial markets and the value of investments fluctuate substantially over time, which may lead to losses in the value of client portfolios, especially in the short run.	Investment plan suited to client objectives, liquidity needs, and time horizon
Asset Class Correlations	During times of market turmoil, correlations between asset classes may break down, which may result in higher-than-expected losses for diversified portfolios.	Constant monitoring, rebalancing, communication, and disclosure
Mutual Funds	Mutual fund investing involves risk; principal loss is possible. Investors will pay fees and expenses, even when investment returns are flat or negative. Investors cannot influence the securities bought and sold, nor the timing of transactions which may result in undesirable tax consequences.	Portfolio construction and diversification
Exchange-Traded Funds (ETFs) and Exchange Traded Notes (ETNs)	ETFs and ETNs are subject to risks similar to those of stocks and are not suitable for all investors. Shares can be bought and sold through a broker, and the selling shareholder may have to pay brokerage commissions in connection with the sale. Investment returns and principal value will fluctuate so that when	Portfolio construction and diversification

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
	<p>shares are redeemed, they may be worth more or less than original cost. Shares are only redeemable directly from the fund. There can be no assurance that an active trading market for the shares will develop or be maintained, and shares may trade at, above or below their NAV.</p> <p>Additionally, ETNs and some ETFs are not structured as investment companies and thus are not regulated under the Investment Company Act of 1940. An ETN's value generally depends on the performance of the underlying index and the credit rating of the issuer. Additionally, the value of the investment will fluctuate in response to the performance of the underlying benchmark. ETFs and ETNs incur fees that are separate from those fees charged by the Registrant. Accordingly, our investments in ETFs and ETNs will result in the layering of fees and expenses.</p>	
Fixed Income	Prices of fixed income (debt) securities typically decrease in value when interest rates rise. This risk is usually greater for longer-maturity debt securities. Investments in debt with lower credit ratings (and non-rated credits) are subject to a greater risk of loss to principal and interest than those with higher credit ratings.	Vary maturities, careful selection of securities to match client risk tolerance and time horizon
Foreign Securities	Investments in foreign securities often introduce greater volatility to client portfolios. Additional risks include political risk, currency translation risk, and lack of transparency (accounting methods, regulatory reporting requirements, shareholder protection rules, etc.). These factors at times result in large price swings of foreign security investments, and greater risk of loss.	Diversification and limitations on exposure
Inflation Risk	Risk that increases in the prices of goods and services, and therefore the cost of living, reduce consumer purchasing power.	Security selection
Currency Risk	Currency risk is evident due to the free-floating mechanism present in global foreign exchange markets. With a few notable exceptions, the value of most global currencies freely floats against one another. U.S. companies and portfolios with non-dollar exposure directly assume foreign exchange risk.	Diversification and limit investment in international securities
Liquidity Risk	Risk evident when investors do not have full access to their funds and/or when assets cannot be converted into cash according to normal market settlement standards. Liquidity	Portfolio construction concentrated in mutual funds and ETFs, and longer-term time horizon

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
	risk is generally higher for small capitalization stocks, alternative assets, and private placement securities.	
Income Risk	Risk that an investment strategy designed to generate a sufficient income, resulting in the inability to sustain a desired lifestyle and/or the need to sell other assets to generate desired income.	Portfolio construction and financial planning to avoid asset depletion
Independent Manager Selection	When client assets are invested by outside professional asset managers, the Registrant does not directly control the investment decisions of outside managers. An independent manager may stray from its stated investment strategy (known as "style drift") or make poor investment decisions which place client assets at greater risk of loss.	Ongoing monitoring and replacement of independent managers as necessary
Private Funds	For certain clients, a portion of their assets are invested in private funds, either of a real estate or private equity nature. There are a number of risks associated with private fund investing, which most notably include liquidity constraints and lack of transparency. A complete discussion of each private fund's risks is set forth in each fund's offering documents, which are provided to each qualified client for review and consideration at the time of investment.	Client qualification process, portfolio diversification, and client discretion to participate
Structured Products	In the event that a structured product issuer becomes insolvent and defaults on their listed securities, investors will be considered unsecured creditors and will have no preferential claims to any assets held by the issuer. Uncollateralized structured products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Structured products have an expiry date after which the issue becomes worthless. The Exchange requires all structured product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two-way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, investors will often not be able to buy or sell the product until a new liquidity provider has been assigned.	Careful selection of only high- quality issuers, client qualification to match risk and liquidity constraints, diversification, and percentage allocation limits
Sociopolitical Risk	Sociopolitical risk is the possibility that instability or unrest in one or more regions of the world will affect investment markets. Terrorist attacks, war, and pandemics are just examples of events, whether actual or anticipated, that impact investor attitudes toward the market in general and result in	Understanding of client objectives, liquidity needs, and time horizon; portfolio construction, diversification, ongoing monitoring, and rebalancing

Risk	Disclosure Statement	Mitigation
	systemwide fluctuations in currencies as well as prices of securities and commodities.	
Cybersecurity Risk	<p>As the use of technology has become more prevalent in the course of business, the Registrant has become more susceptible to operational and information security risks. Cyber incidents can result from deliberate attacks or unintentional events and include, but are not limited to, gaining unauthorized access to electronic systems for purposes of misappropriating assets, personally identifiable information (“PII”) or proprietary information (e.g., trading models and algorithms), corrupting data, or causing operational disruption, for example, by compromising trading systems or accounting platforms. Other ways in which the business operations of the Registrant, other service providers, or issuers of securities in which the Registrant invests a client’s assets may be impacted include interference with a client’s ability to value its portfolio, the unauthorized release of PII or confidential information, and violations of applicable privacy, recordkeeping and other laws. A client and/or its account could be negatively impacted as a result. While the Registrant has established internal risk management security protocols designed to identify, protect against, detect, respond to and recover from cybersecurity incidents, there are inherent limitations in such protocols including the possibility that certain threats and vulnerabilities have not been identified or made public due to the evolving nature of cybersecurity threats. Furthermore, the Registrant cannot control the cybersecurity systems of third-party service providers or issuers. There currently is no insurance policy available to cover all of the potential risks associated with cyber incidents. Unless specifically agreed by the Registrant separately or required by law, the Registrant is not a guarantor against, or obligor for, any damages resulting from a cybersecurity-related incident.</p>	<p>Established business continuity plans and information security risk management systems which include among other controls, access restrictions, cyber training, security incident response plan, and cybersecurity insurance</p>

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
<u>Margin Risk</u>	<p>While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from the custodian and will typically be secured by the client's securities and/or other assets. Under certain circumstances, the custodian may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the custodian could liquidate assets held in the account to satisfy the client's obligations to the custodian. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.</p>	<p>The decision as to whether to employ margin is left totally to the discretion of the client.</p>
<u>Risks Related to War and Global Conflicts</u>	<p>An ongoing military conflict exists between Russia and Ukraine, which has impacted global financial systems as well as trade and transport, among other things. In response, multiple other countries have imposed global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. In October 2023, Hamas, a Palestinian militant group who has controlled the Gaza Strip since 2007, conducted a coordinated surprise civilian attack on Israel. In response, Israel declared war on Hamas and initiated a ground combat mission in the Gaza Strip. As a result, across the Middle East region, tensions have risen, and there is concern that the Hamas-Israel war could expand to involve other regional powers and global actors. The ultimate course of conflicts, such as the Russia-Ukraine conflict and the Israel-Hamas war, and their impact on global economic and commercial activities and conditions, and on the operations, financial condition and performance of a strategy, industry, and/or business as well as the duration and severity of such effects, is impossible to predict. Such conflicts may have a significant adverse impact and result in significant losses to a strategy, industry and/or company. This impact may include reductions in revenue and growth, cyber-attacks, unexpected operational losses and liabilities, and/or reductions in the availability of capital. Developing and further governmental actions (military or otherwise) and international negotiations over such</p>	<p>Understanding of client objectives, liquidity needs, and time horizon; portfolio construction, diversification, ongoing monitoring, and rebalancing</p>

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
	<p>conflicts may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to investors, all of which could adversely affect a portfolio's ability to fulfill its investment objectives.</p>	