

## Chartered Financial Services, Inc. dba moneygrow.com®



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**4/3/2024**

### FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Chartered Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 800-352-8390. 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. Registration itself does not imply a certain level of skill or training.

Additional information about Chartered Financial Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Chartered Financial Services, Inc. is 126275.

Chartered Financial Services, Inc. is a Registered Investment Advisor in the States of Colorado, Georgia, & Texas. Our services are provided in additional states under applicable de-minimis rules. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2: Summary of Material Changes**

Chartered Financial Services, Inc. reports no material changes as of this filing.

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## About Us

### Item 4 Advisory Business

To make this brochure easier to read, Chartered Financial Services, Inc. or our brand, moneygrow.com® are called by the names “we,” “us,” and “our.” Clients are called by the names “you,” and “your.” "Associated Persons" are employees of our firm. They are called "APs" in this brochure.

#### Item 4(a) Who We Are, and Our History

We are an independent financial advisory firm incorporated as Chartered Financial Services, Inc, and we do business under this name and moneygrow.com®. We have physical offices in Atlanta, GA and Denver, CO, and have a history of over 35 years of client service. We incorporated under the laws of the State of Georgia in 1994 and are Registered with the States of Colorado, Georgia, & Texas. Where permissible under regulations, we provide Registered Investment Advisory (RIA) services in other States. Services in other States may be offered under the auspices of applicable “de minimis” rules which allow for RIAs to serve limited numbers of clients without filing as an RIA in that State, or through extending our Registration to such State(s).

Frederick G. Ravid is President, Chief Executive Officer, & Chief Compliance Officer, sole owner of the corporation’s shares. Detailed information about Frederick Ravid's past can be obtained by viewing brokercheck.finra.org and looking up "individual" and entering his name.

Our company succeeded Ravid & Associates, a sole proprietorship that provided service on Wall Street from 1984-1985 and in Atlanta beginning in 1986. Our registered trademark and brand "moneygrow.com®" is used in conjunction with our communication, education, and marketing activities.

#### Web Site Addresses

Our Main Website: [www.moneygrow.com](http://www.moneygrow.com)

Our Facebook pages:

<https://www.facebook.com/moneygrow.com.us/>,

<https://www.facebook.com/Chartered-Financial-Services-Inc-1431409760417596>,

Our Youtube channel: [https://www.youtube.com/channel/UChaFLSPnqYiXQ7\\_xDofYz6w](https://www.youtube.com/channel/UChaFLSPnqYiXQ7_xDofYz6w),

Our Client Portal: <https://www.advzyon.com/main/index.html>

## Books and Records

Our books and records for all clients of the firm are maintained in electronic form in our Colorado and Georgia offices by appointment. Our financial records are maintained at our Colorado office.

## Other Business Names: Moneygrow.com™ and its Mission

We do business as "moneygrow.com® a Registered Trademark and Brand of Chartered Financial Services, Inc., introduced in 1997. Use of the term "moneygrow®." does not under any circumstances promise or guarantee returns or capital appreciation, and our clients sign agreements of understanding related to this fact. Rather, the Brand promotes the Natural Order, where achievement of long-term Growth REQUIRES periods of dormancy, where Prices tend to remain flat, and periods of Contraction, where prices tend to fall.

Moneygrow.com® is dedicated to the notion that financial investment should ideally be mission-based, with a clear aim of creating a better and more stable world. Short-term, greedy and profit-only approaches to growth without regard to the long-term consequences of corporate action are all too common in the financial narrative, which tends to avoid long-term topics. We believe long-term perspective should be promoted and restored. As such, compared to most financial organizations and financial media's narrative, we promote a different view of how capital markets can and should shape the world. We live in a world where mission-based financial investment is not that well-known, and investor demand for a greener and more long-term approach to investment is only recently gaining attention by major players. We would like to see this demand accelerate.

## Fiduciary Standard

As an independent Firm, we strive to maintain professional neutrality and uphold a Fiduciary Standard for you. A Fiduciary Standard simply means we will act in your best interest. Over our decades of service, we have found that routine attention to your circumstances in the form of frequent reviews, transparent communication, and joint attention helps us align and refine our advice to you.

## Item 4(b) - Services We offer

We provide financial planning advice based on your objectives, needs and financial goals. We frequently address a variety of issues, including retirement, long-term security, cross-generational family issues, charitable giving, business planning, tax, estate/trust planning and family office. Due to the wide range of client needs, the range of financial planning services we may provide is equally wide.

We provide investment advice and managed accounts, based on your objectives, needs and financial goals. We assist clients in developing strategy and tactics for managed accounts. Managed accounts can be established that give us Discretion as to holdings and placement of market orders, or Discretion can be withheld by clients who wish for us to obtain their approval for each account transaction. Our robust research capabilities give us the ability to analyze performance and characteristics of close to 50,000 potential investments, and we narrow this to a universe of hundreds of securities from which we derive portfolio recommendations for our clients.

Our clients have access to a very informative Client Portal that provides specific performance and other detailed information, accessible 24/7/365. Clients receive quarterly reviews that reveal performance of each portfolio holding in addition to sector and risk factor allocation details.

We issue frequent newsletters and occasional videos about economic/market conditions and other topics of interest.

## Scope of Our Advice

We primarily focus on long-term financial strategy, & strategic/tactical money management. Our advice on investment and other financial matters is given against a backdrop of constantly changing circumstances. In this context, we maintain close contact with our clients as we monitor the pulse of the global financial markets, economic trends, regulatory and legislative elements. We seek to integrate our advice and tactics with constant changes in your circumstances and pursue your best interest.

## How We Serve You

We help you meet strategic goals, maintain financial security, and retain neutral, professional financial guidance. We function as fee-based professional consultants, rather than transaction-oriented salespeople. You may describe your relationship with us as having a "Private Portfolio Manager" or a "Private Chief Financial Officer" (CFO) who helps you make investment choices and helps you steer your financial course on an as needed and ongoing basis.

## Item 4(c) - Services Tailored to Your Needs

Before making recommendations, we take a diligent "know your client" approach. This means we interview you and gather detailed information about you, including your history, obligations, experience, attitudes, investments, and assets before considering a client relationship. These factors are routinely reviewed in our quarterly conversations with clients who participate actively. Our objective is to help you reach goals and provide you with the correct platform to do so. As we consider your needs, it is our objective to offer you cost-effective and cost-controlled alternatives, among which you can make reasoned choices.

Clients may choose to give us Discretion over your managed accounts or withhold Discretion. In any case you may impose investment restrictions on portfolios we manage for you. Restrictions you establish may preclude exposure to types of securities, companies, industries or be based on other factors.

## Item 4(e) - Assets Under Management

As of 4/3/2024 we manage approximately \$10,621,000 for approximately 34 accounts. approximately 65% of our assets under management are in Discretionary accounts. In a typical fiscal year, we provide consulting to between 1-10 clients holding up to \$30,000,000 in additional assets held at outside firms at which we have no direct role. We compute the value of assets under management based on then-current account valuations at our qualified Custodians or statements from 3rd-party Custodians in the case of consulting clients.

## Item 5: Fees and Compensation

### Item 5a: How we're compensated

We are compensated on a percentage of assets-under-management, by hourly charges, and/or by fixed fees for services. Initial Consultations with us are Free of Charge. We do not offer performance-based fee structures.

Our fee-based services are offered under an up-front disclosure “no surprises” policy. This means services and costs we will charge are limited and agreed upon between you and us in advance. Our Letter of Engagement (LOE) or Managed Account Agreement (MAA) outlines pertinent details before we begin providing billable services. If you have signed a LOE or MAA and wish to terminate, you should send a written request to us.

### Financial Planning Fees and Hourly Fee Schedule:

Service	Fee
Planning Services, including Quarterly Comprehensive Reviews*	\$275
Para-Planning Services, including client administration, etc.	\$150

\*Fees for Quarterly Comprehensive Reviews are not for investment management. Our Review Fee is a one-hour flat fee regardless of time allocated to your preparation, recommendations, meetings, and local travel. Fees for such meetings are not for investment management. They are for forecasting, research, review, documentation, and consultation.

Our fees may be negotiable under special circumstances.

Certain popular services we are routinely asked to provide are offered on a “Package Basis” for \$750 or as circumstances warrant as follows:

Lifetime Cash Flow Analysis & Report  
Prospective Estate & Gift Tax Liability Analysis & Recommendations  
Investment Portfolio Evaluations (for those seeking a second opinion)

Financial Planning Services are separate from and billed separately from Managed Accounts. You will never receive a "surprise bill" for Financial Planning. Current fees are payable in full at the end of each meeting unless other terms are agreed upon in advance.

You may have an existing account held in custody somewhere that you do not intend to transfer. In this case, you may engage us to offer recommendations you could follow at your present brokerage firm. In any situation where you accept advice on such accounts, whether for compensation or not, you agree to hold us harmless because the outside account lies beyond our supervisory scope.

Managed Investment Accounts

If our advisory service leads you to seek a Managed Account under our AP’s supervision, you can expect it to be handled as follows:

When you choose to “open an account” or “transfer” your account, such accounts are offered and held in custody (Custodian) at Charles Schwab Advisor Services Member FINRA/SIPC (SAS). We do not offer commission-based securities transactions. We recognize there are a variety of account Custodians available, and we believe SAS bring relevant benefits worth utilizing to our clients. We may add additional custodians as needed.

We will not offer you an investment that compensates us on a commission basis. This factor may produce some limitations in product selection because some financial institutions only distribute their products on a commission-paying basis. However, we do not view this limitation as a material factor that would generally be counter-productive to our ability to foster attainment of your goals.

## Asset Management Fee Schedule

The following is our fee schedule for managed accounts. We aggregate the sum of all "household accounts" you hold in arriving at your "account value" for billing purposes. Each account is billed one quarter (1/4) of the annual fee rate on a quarterly basis, due on the first day of the quarter, in advance. The valuation of your account as reported by your qualified Custodian on the preceding last business day of the quarter is the basis for calculating your upcoming quarterly fee. For accounts opened mid-quarter, we bill the account in advance, pro-rata based on the value of assets transferred in. In some situations, we will make exceptions to this schedule.

Account Value	Fee %
\$0-\$500,000	2.00%
\$500,001-\$750,000	1.75%
\$750,001-\$1,000,000	1.50%
\$1,000,001-\$3,000,000	1.25%
\$3,000,001-\$5,000,000	1.00%
5,000,001-7,500,000	0.75%
7,500,000-up	negotiable

## Item 5b: How fees are paid

Financial planning clients generally pay on hourly-charge or fixed-fee basis depending on the engagement and agreed upon in advance in their LOE. Fees are billable, and typically due and payable pro-rata at the end of each meeting, or as otherwise agreed-to in their LOE. We do not deduct Financial Planning fees from client accounts.

Managed account client fees are deducted by our qualified Custodians on a quarterly basis in advance, based on your MAA. Fees are based upon account valuation on the last business day of the preceding quarter, or pro-rata for the remainder of the quarter in cases where accounts become active mid-quarter.

## Item 5(c): Other fees or expenses

Qualified Custodians receive approximately \$0.00 for each transaction for most buy or sell orders. Any fees for trade execution if any are "over and above" any fees we charge. In some cases, such as exchanges between funds in a mutual fund family, fees are \$0.00.

## Item 5(d): Fee refunds

Should a managed account terminate mid-quarter, no refunds are payable. Service Fees for Financial Planning are not subject to a refund.



## **Item 5(e): AP Compensation for Sale of Securities**

We never sell any commissionable investment or insurance products. We are a FEE-ONLY advisor.

### **5(e)1: Potential for Conflicts of interest due to Commissions**

Our APs are Fee-Based in respect to securities transactions. This means that our APs do not receive commissions for investment product sales. We believe this eliminates the potential for many conflicts of interest. However, our APs are also licensed to sell Life, Health, and Annuity products. Despite holding these licenses, our APs are not actively engaged in marketing or selling such products. Where client's best interest might be served by providing advice about the purchase of actuarial products, that advice is offered on a fee-only basis and if products are recommended, such products will NOT pay a commission.

### **5(e)2 Client Freedom to Make Purchases "Where and How You Prefer"**

You always have the option to purchase investment products we recommend through other firms or agents who are not affiliated with us.

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

We don't offer either performance-based account fee structures, nor do we perform side-by-side management which involves simultaneous management of mutual funds and hedge funds.

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

We serve individuals, high net-worth individuals and families, trusts, and estates, corporations, other business entities, and trustees of retirement plans.

Certain multi-generation families receive "Family Office" service from us. For these families, we are always "on call" and we offer a sounding board, consultation and advice pertaining to a wide range of issues. These may include short-range to long-range topics. Discussions frequently range well beyond asset management to budgets, gifting, education grants, trust management, real estate, tangibles, health care alternatives, travel, strategies to help younger generations, and charitable giving.

Persons who have received lump sum settlements through inheritance, winnings, divorce, lawsuits, claims, or other sources require unique sensitivity. We are aware and concerned that many people who experience abrupt changes of financial circumstances often don't keep their lump sum proceeds for a long time. For this reason, we pay particular attention to budgeting and lifestyle expectations where lump sums are involved.

We will not accept you as a client if you plan to use our advice to be a stock-trader or speculator. Occasionally we accept engagements from people who are involved in significant changes in career, business development, or life direction.

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

### **Item 8(a) Methods of Analysis**

Our discipline primarily involves watching price and trend behavior within economic sectors in US and World markets. Investments for your portfolio are selected based on objective comparative performance

evaluations in recent time periods, or in time periods we may find relevant to the current period. We consider trends to be very important indicators of potential for near-term performance.

Sources of information we employ include research obtained from publicly available and subscription sources, and include Fundamental, and Technical Analysis which may serve to confirm expectations yielded through our internal CFS Price Cycle forecasts.

We hold the opinion that frequent trading does not bring significant improvement in portfolio performance, so we tend to trade on a quarterly basis, unless other frequencies are deemed warranted, and in doing so, we choose securities that inspire confidence, earn conviction, and deserve commitment.

## Financial Forecasting

Although we employ a holistic approach popularized as “Financial Planning” our philosophy differs from many Financial Planners in that, unlike most others, we strongly believe that reliable financial forecasting is attainable. Our forecasting method is called the CFS Price Cycle. The CFS Price Cycle seeks to forecast macro-economic expectations for broad market trends, and occasionally, economic sector expectations. This method helps us anticipate changes in trend and sector performance. This forecasting approach considers very long time periods. Where we find correlations between various time periods, we advise, and we invest accordingly. Among factors that contribute to our forecasting method, we consider economic, social, and political behaviors, all of which we believe may be significant.

The CFS Price Cycle forecasts macro-economic expectations for broad market trends as well as for sector expectations. This service helps us give timely advice about where we feel trends may be headed. Our forecasting approach considers very long time periods. Where we find correlations between various time periods, we advise accordingly. Our scope considers both market and social behaviors, all of which we believe are relevant to forecasting.

There are occasions when our Forecast suggests your account allocation should be rotated among economic sectors, increase cash/money markets or other fixed income investments, or take on higher or lower risk. Historically we tend to err on the side of being conservative rather than err on the side of being aggressive. We do not recommend frequent trading. Our forecast generally gives us a quarterly overview and we recommend you allocate it accordingly. Typically, our trading recommendations are offered on at least a quarterly basis, but we may offer recommendations more frequently depending on circumstances or opportunities.

## Investment Strategies

While each client's situation differs, over decades of experience, we have developed a Sector Rotation approach to money management that recognizes not all sectors of the world economy are likely to be productive at any given moment. Hence, we will overweight and emphasize certain Sectors or their components that our research indicates can outperform. Our approach differs from those firms who employ a "sector neutral" approach. We believe our Sector Rotation approach can outperform a sector-neutral approach, but our approach may also entail higher risk, and this risk factor should be considered in discussions about how your money will be managed. Since we are fiduciaries, we will purchase only those securities we believe are appropriate based on your individual needs, our current forecast, and investment restrictions imposed by you, if any.

A broad range of financial products do play a role in our research and recommendations, and we place emphasis in our research and investment selection/implementation on Exchange Traded Funds (ETFs) because they can offer low cost, diversification, refined sector sensitivity and liquidity. We strictly avoid leveraged and inverse ETFs because of tracking errors and increased risks they tend to generate. We may also recommend individual Stocks, Bonds, and in rare cases Mutual Funds, or Separately Managed

Accounts managed by outside firms, depending on clients' needs and orientations. We attempt to avoid speculative investments and will not serve short-term trader-style clients.

We weigh risks, costs, liquidity, and other factors carefully prior to making recommendations in the context of your needs. Despite all diligence we apply to our role as advisors, we cannot mitigate against systematic risks such as Government, Federal Reserve or Banking System breakdowns, Geopolitical Instability, and many other market risks, which are difficult to forecast even with the most diligent efforts. We make no warranty or guarantee that the CFS Price Cycle and other methods we utilize will make you money or protect you from any losses.

## Potential Risks

- Stock prices may fall significantly over short or extended periods of time.
- Historically, the equity market has moved in cycles, and the value of securities may fluctuate significantly from day-to-day.
- Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a significant decline in response.
- The percentage of your investment portfolio assets invested in individual securities and in various regions, countries, states, industries, and sectors will vary from time-to-time depending on our perception of investment opportunities. Investments in particular securities, regions, countries, states, industries, or sectors may be more volatile than the overall stock market. Consequently, a higher percentage of holdings in a particular security, industry or sector may have the potential for greater impact on the performance of your investment portfolio.
- Smaller companies may have limited product lines, markets, or financial resources or they may depend on a few key employees. The securities of smaller companies may trade less frequently and in smaller volume than more widely held securities and the prices of these securities may fluctuate significantly more sharply than those of larger companies. Securities of such issuers may lack sufficient market liquidity to enable a client portfolio to affect sales at an advantageous time or without a substantial drop in price. Generally, the smaller the company size, the greater these risks. Although mid-cap companies are larger than smaller companies, they may be subject to many of the same risks.
- Equity securities purchased at prices below what is believed to be their fundamental value may not increase to reflect that fundamental value or that their fundamental value may have been overestimated or that it may take a substantial time to realize that value.
- Investing in foreign companies poses significant additional risks since political and economic events unique to a country or region will affect those markets and their issuers.
- In addition, investments in foreign companies are generally denominated in a foreign currency, the value of which may be influenced by currency exchange rates and exchange control regulations.
- Changes in the value of a currency compared to the U.S. dollar may significantly affect (positively or negatively) the value of a security. These currency movements may occur separately from, and in response to, events that do not otherwise affect the value of the security in the issuer's home country.
- Investing in companies located or doing business in emerging market countries poses significant additional risks. An "emerging market" country is any country determined to have an emerging market economy, considering factors such as the country's credit rating, its political and economic stability, and the development of its financial and capital markets. Typically, emerging markets are in countries that are in the process of industrialization, with lower gross national products than more developed countries.
- Investments in emerging market securities are considered speculative and subject to significantly heightened risks in addition to the significant general risks of investing in non-U.S. securities.

- Unlike more established markets, emerging markets may have governments that are significantly less stable, markets that are significantly less liquid and economies that are significantly less developed.
- Emerging market securities may be subject to smaller market capitalization of securities markets, which may suffer periods of significant relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital.
- Financial intermediaries may be inexperienced, and counterparties may be subject to weaker safekeeping frameworks. Trading platforms in these markets may be new, and the relevant regulations may be untested and subject to change. There is no assurance that the systems and controls of such trading platforms will be adequate or that such platforms will continue in existence.
- Foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies.
- The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur after investments in these currencies.
- Inflation and rapid fluctuations in inflation rates have had, and may continue to have, significant negative effects on the economies and securities markets of certain emerging market countries.
- Emerging markets may also be adversely impacted by regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S.
- Your investment portfolio's purchase and sale of securities in certain emerging countries may be constrained by limitations relating to daily changes in the prices of listed securities, periodic trading, or settlement volume, and/or limitations on aggregate holdings of foreign investors. Your investment portfolio may not be able to sell securities in circumstances where price, trading, or settlement volume goals are attainable.
- Investing in companies or funds associated to frontier emerging markets companies carries special risk. Investing in the securities of issuers operating in frontier emerging markets carries a high degree of risk and special considerations not typically associated with investing in more traditional developed markets. In addition, the risks associated with investing in the securities of issuers operating in emerging market countries are magnified when investing in frontier emerging market countries. These types of investments could be affected by factors not usually associated with investments in more traditional developed markets, including without limitation risks associated with expropriation and/or nationalization, political or social instability, pervasiveness of corruption and crime, armed conflict, the impact on the economy of civil war, religious or ethnic unrest and the withdrawal or non-renewal of any license enabling us to trade in securities of a particular country, confiscatory taxation, restrictions on transfers of assets, lack of uniform accounting, auditing and financial reporting standards, less publicly available financial and other information, diplomatic development which could affect investment in those countries and potential difficulties in enforcing contractual obligations. These risks and special considerations make investments in securities in frontier emerging market countries highly speculative in nature and, accordingly, may not be suitable for an investor who is not able to afford the loss of their entire investment. To the extent that an investor invests a significant percentage of its assets in a single frontier emerging market country, the investor will be subject to heightened risk associated with investing in frontier emerging market countries and additional risks associated with that country.
- There is currency risk. Your investment portfolio may include positions where forward contracts or other hedging instruments may be employed. Your portfolio may also hold underlying investments denominated in currencies other than the currency in which your investment portfolio is denominated. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or because of actions taken by central banks, which may be intended to directly affect prevailing exchange rates, and a variance in the degree of volatility of the market or in the direction of the market from our expectations may produce significant losses to such positions in your portfolio. We may or may not be able to hedge all or any portion of the currency exposure of your investment portfolio. However, even if we do attempt to hedge the currency exposure of a client investment portfolio, it is not possible to hedge fully or perfectly against currency

fluctuations affecting the value of securities denominated in any currency because the value of those securities is likely to fluctuate because of independent factors not related to currency fluctuations. Foreign investments, when unhedged, will fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies. Thus, an increase in the value of the currency in which a client investment portfolio is denominated, compared to the other currencies in which a client investment portfolio makes its investments, will reduce the effect of increases, and magnify the effect of decreases in the prices of the client investment portfolio securities in their local markets. Conversely, a decrease in the value of the currency in which a client investment portfolio is denominated relative to other currencies will have the opposite effect on the client investment portfolio's securities denominated in these other currencies.

- Investments in fixed income securities have special risks in general and daily price fluctuations (including significant fluctuations) in the fixed income securities markets may be based on many factors, including fluctuations in interest rates, the quality of the instruments in your investment portfolio, national and international economic conditions, and general market conditions.
- The risk exists that the issuer or guarantor of a fixed income security or counterparty to the transactions in your investment portfolio will be unable or unwilling to make timely principal and/or interest payments, or otherwise will be unable or unwilling to honor its financial obligations. If the issuer, guarantor, or counterparty fails to pay interest, the income in your investment portfolio may be significantly reduced. If the issuer, guarantor, or counterparty fails to repay principal, the value of that security and of your investment portfolio may be significantly reduced. Your investment portfolio may be subject to credit risk to the extent that it invests in fixed income securities or engages in other transactions, such as securities loans, which involve a promise by a third party to honor an obligation to your investment portfolio. The credit quality of securities may deteriorate rapidly, which may impair your portfolio liquidity and cause significant value deterioration.
- The price of a fixed income security is dependent upon interest rates. Therefore, the total return of your investment portfolio, when investing a significant portion of its assets in fixed income securities, will vary significantly in response to changes in interest rates. A rise in interest rates will generally cause the value of fixed income securities to decrease. The reverse is also true. Consequently, there is the possibility that the value of the investment in fixed income securities in your investment portfolio may fall significantly because fixed income securities generally fall in value when interest rates rise. Changes in interest rates may have a significant effect on your investment portfolio holding a significant portion of its assets in fixed income securities with long-term maturities. The longer the term of a fixed income instrument, the more sensitive it will be to fluctuations in value due to interest rate changes. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, rising inflation, and changes in general economic conditions.
- Maturity risk is another factor which can significantly affect the value of the fixed income securities holdings in your investment portfolio. In general, the longer the maturity of a fixed income instrument, the higher its yield and the greater its sensitivity to changes in interest rates. Conversely, the shorter the maturity, the lower the yield but the greater the price stability.
- Fixed income securities are generally rated by Nationally Recognized Statistical Rating Organizations ("NRSROs"). Fixed income securities rated BBB by Standard & Poor's® Rating Services ("S&P") or Fitch Investors Service, Inc. ("Fitch") and Baa by Moody's Investor Services, Inc. ("Moody's") are considered investment-grade securities but are somewhat riskier than higher rated investment grade obligations because they are regarded as having only an adequate capacity to pay principal and interest and are considered to lack outstanding investment characteristics and may be speculative. Fixed income securities with lower ratings are subject to higher credit risk and may be subject to significantly greater fluctuations in value than that of higher rated fixed income securities.
- Fixed income securities rated below Baa by Moody's and BBB by S&P, or Fitch are considered speculative in nature and may be subject to certain significant risks with respect to the issuing entity and to significantly greater market fluctuations than higher-rated fixed income securities. Lower-rated fixed income securities are usually issued by companies without long track records of sales and earnings, or by companies with questionable credit strength. These fixed income securities are considered "below investment-grade" or "junk bonds." The market for these fixed income securities may be significantly less liquid than that of higher-rated fixed income securities and adverse conditions could make it extremely difficult at times to sell

certain securities or could result in significantly lower prices. These risks can significantly reduce the value of your investment portfolio and the income it earns.

- The percentage of your investment portfolio assets invested in individual securities and in various regions, countries, states, industries, and sectors will vary from time to time depending on our perception of investment opportunities. Investments in particular securities, regions, countries, states, industries, or sectors may be more volatile than the overall fixed income securities market. Consequently, a higher percentage of holdings in a particular security, industry or sector may have the potential for greater impact on the performance of your investment portfolio.
- There is the risk that the average life of a fixed income security will be significantly extended through a slowing of principal payments (extension risk).
- A borrower is more likely to prepay a loan which bears a relatively high rate of interest. This means that in times of declining interest rates, some higher yielding securities might be converted to cash, and we may be forced to purchase instruments with lower interest rates when the cash is used to purchase additional securities. The increased likelihood of prepayment when interest rates decline also limits market price appreciation of most mortgage-backed and asset-backed securities at a time when the prices of most fixed-income securities rise. Bonds with differing underlying average prepayment rates can and will have different sensitivities to interest rate changes on their prepayment response. In addition, a fixed-income security may be subject to redemption at the option of the issuer. If a fixed-income security held by your portfolio is called for redemption, such client's portfolio will be required to permit the issuer to redeem the security, which could have an adverse effect on your portfolio.
- There is the risk of using leverage. Such leverage may be obtained through various means.
- There is the risk that growing competition may limit our ability to take advantage of trading opportunities in rapidly changing markets.
- We are dependent on the services of a limited number of people, and if the services of such key people were to become unavailable, it could have a significant negative impact on your portfolio.
- We may manage other accounts and will remain free to manage additional accounts, including our own account, in the future. We may vary the investment strategies employed on behalf of your account from those used for its other managed accounts. No assurance is given that the results of the trading by us will be similar to those of other accounts concurrently managed by us.
- Actual and potential conflicts of interest exist in our structure and operations. There is the risk that we have failed to properly identify all the conflicts or that it will fail to do so in the future. To the extent that we do properly identify the conflicts, there is the risk that we will fail to appropriately remove or mitigate the conflicts. Additionally, to the extent that we do appropriately seek to remove or mitigate those conflicts, there is the risk that one or more employees may violate our policies and procedures to remove or mitigate those conflicts.
- Our trading activities may be conducted based on short-term market considerations. This could increase the portfolio turnover rate, potentially involving higher transaction fees and expenses. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in a client investment portfolio could have an adverse effect on the performance of the client investment portfolio.
- We generally will follow a policy of seeking to diversify your portfolio among several positions. We, however, may depart from such policy from time to time and may acquire for your portfolio a few relatively large positions in relation to your portfolio. Consequently, a loss in any such position could result in a proportionately higher reduction in your portfolio than if your portfolio had been spread among a wider number of positions.
- There is volatility risk. Securities prices are highly volatile. Price movements for securities are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events;

changes in interest rates; and the psychological emotions of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets, and such intervention (as well as other factors) may cause these markets to move rapidly. Your portfolio may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for your portfolio, could prevent your portfolio from successfully meeting its investment objectives or could require your portfolio to dispose of investments at a loss while such unfavorable market conditions prevail. While such market conditions persist, your portfolio will also be subject to heightened risks associated with the potential failure of brokers, counterparties, and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

- There is index/tracking error risk. To the extent it is intended that a client investment portfolio track an index, such as in the case of ETFs, the client investment portfolio may not match, and may vary substantially from, that of the index for any period of time. We cannot guarantee that any tracking error targets will be remedied.
- There is model risk. Our management of your investment portfolios may include the use of various proprietary investment models. There may be deficiencies in the design, testing, monitoring, and/or operation of these models, including because of shortcomings or failures of processes, people or systems. Such deficiencies may be difficult to detect and may not be detected for a significant period. Inadvertent systems and human errors are an inherent risk of models, and the complexity of models may make it difficult or impossible to detect the source of any weakness or failure in the models before material losses are incurred. Moreover, the complexity of the models and their reliance on complex computer programming may make it difficult to obtain outside support. To the extent any third-party licensed intellectual property is used in the development of models, there may be adverse consequences if such material is no longer available. Finally, in the event of any software or hardware malfunction, or problem caused by a defect or virus, there may be adverse consequences to developing or monitoring models. Investments selected using models may perform differently than expected because of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including because of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. Certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. There is no guarantee that the use of these models will result in effective investment decisions for client investment portfolios.
- There are valuation risks. The net asset value of a client investment portfolio as of a particular date may be materially greater than or less than its net asset value that would be determined if your investment portfolio's investments were to be liquidated as of such date. For example, if your investment portfolio was required to sell a certain asset, or all or a substantial portion of its assets on a particular date, the actual price that your investment portfolio would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of your investment portfolio. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of your investment portfolio. Your investment portfolio may invest in assets that lack a readily ascertainable market value, and your investment portfolio's net asset value will be affected by the valuations of any such assets (including, without limitation, in connection with calculation of any fees). In valuing assets that lack a readily ascertainable market value, we (or an affiliated or independent agent thereof) may utilize dealer supplied quotations or pricing models developed by third parties, us, or our affiliates. Such methodologies may be based upon assumptions and estimates that are subject to error. The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to your investment portfolio at that time. Any adjustment to the value of such assets may result in an adjustment to the net asset value of your investment portfolio.

- There is cash management risk. To the extent we have the authority to manage cash for your investment portfolio for various reasons, including for temporary or defensive positions or to meet the liquidity needs of such client investment portfolio, we may, at certain times and subject to the investment guidelines for such client investment portfolio, if any, invest some of its assets temporarily in money market funds or other similar types of investments. During any period in which its assets are not substantially invested in accordance with its principal investment strategies, your investment portfolio may be prevented from achieving its investment objective, which may adversely affect that client investment portfolio's performance.
- There is electronic trading risk. A qualified Custodian may trade on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening, and closing procedures and prices, trade error policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some investments offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the instrument may have adopted rules to limit their liability, the liability of brokers and software and communication system vendors and the amount that may be collected for system failures and delays. The limitation-of-liability provisions vary among exchanges.
- All losses of your investment portfolio shall be borne solely by your investment portfolio and not by us or our affiliates or subsidiaries.
- Certain investments made by us for client investment portfolios are intended for long-term investors who can accept the risks associated with investing in illiquid securities, and the possibility of partial or total loss of capital exists. There is no assurance that client investment portfolios will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that client investment portfolios will be able to fully invest their capital.
- There is risk of reliance on technology. We may employ investment strategies that are dependent upon various computer and telecommunications technologies. The successful implementation and operation of such strategies could be severely compromised by telecommunications failures, power loss, software-related "system crashes," fire or water damage, or various other events or circumstances. Any such event could result in, among other things, the inability of us to establish, maintain, modify, liquidate, or monitor the client investment portfolios' investments, which could have a material adverse effect on the client investment portfolios.
- There is energy, oil-and-gas sector risk. Client investment portfolios may invest in sectors or companies within the energy, oil-and-gas sectors. Energy, oil-and-gas companies are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas, or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, changes in the regulatory environment for these companies may adversely impact their profitability. Over time, depletion of natural gas reserves or other commodities may also affect the profitability of companies in the energy, oil-and-gas sectors.
- There is exchange traded fund risk. Client investment portfolios may invest in Exchange Traded Funds ("ETFs"). Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market



segment or index. In addition to presenting the same primary risks as an investment in a conventional fund, an ETF may fail to accurately track the market segment or index that underlies its investment objective. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF's shares may trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

- There is an exchange traded note risk. Client investment portfolios may invest in Exchange Traded Notes ("ETNs"), which are senior, unsecured, unsubordinated debt securities issued by a sponsoring financial institution. The returns on an ETN are linked to the performance of particular securities, market indices, or strategies, minus applicable fees. ETNs are traded on an exchange (e.g., the NYSE) during normal trading hours; however, investors may also hold an ETN until maturity. At maturity, the issuer of an ETN pays to the investor a cash amount equal to the principal amount, subject to application of the relevant securities, index, or strategy factor. Like other debt securities, ETNs have a maturity date and are backed only by the credit of the sponsoring institution. ETNs are subject to credit risk. The value of an ETN may be influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political, or geographic events that affect the underlying assets. When your investment portfolio invests in ETNs, it will bear its proportionate share of any fees and expenses borne by the ETN. Although an ETN is a debt security, it is unlike a typical bond, in that there are no periodic interest payments, and the principal is not protected.
- There is master limited partnership ("MLP") risk. Investments, if any, by your investment portfolio in securities of MLPs involve risks that differ from investments in common stock, including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's right to require unit- holders to sell their common units at an undesirable time or price because of regulatory changes or other reasons. Certain MLP securities may trade in lower volumes due to their smaller capitalizations. Accordingly, those MLPs may be subject to more abrupt or erratic price movements, may lack sufficient market liquidity to enable your investment portfolio to effect sales at an advantageous time or without a substantial drop in price, and investment in those MLPs may restrict your investment portfolio's ability to take advantage of other investment opportunities. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns. In addition, the managing general partner of an MLP may receive an incentive allocation based on increases in the amount and growth of cash distributions to investors in the MLP. This method of compensation may create an incentive for the managing general partner to make investments that are riskier or more speculative than would be the case in the absence of such compensation arrangements.
- There is technology sector risk. The stock prices of technology and technology-related companies and therefore the value of client investment portfolios that invest in the technology sector may experience significant price movements because of intense market volatility, worldwide competition, consumer preferences, product compatibility, product obsolescence, government regulation, excessive investor optimism or pessimism, or other factors.
- Actual and perceived accounting irregularities may cause dramatic price declines in the securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.
- Common stock and similar equity securities generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend, and any other required payments on more senior securities of the issuer.
- Bonds and similar fixed-income securities generally are either secured or unsecured. Although secured bonds entitle holders to an interest in the assets of the issuer that are pledged as collateral for the bonds, the proceeds from the sale of such collateral may not fully repay the creditors in the event of a default. Holders of unsecured bonds represent the most junior position of an issuer's creditors.

- The market value of securities in general, and particularly the market value of fixed-income securities, tend to be highly sensitive to fluctuations in interest rates. Interest rate increases generally will increase the interest carrying costs of leverage arrangements, including borrowed funds and securities.
- Duration is a measure of systematic risk based upon a bond's price sensitivity to interest rate changes. Your portfolio will fluctuate over a range and could at times be significantly higher or lower than any or all fixed-income indices at some time.
- Convexity is a measure of the change in duration of a fixed-income instrument resulting from an interest rate change. Your portfolio could sometimes exhibit a negative convexity (that prices decline faster when interest rates rise than prices rise when interest rates decline) while at other times it could exhibit a positive convexity (that prices rise faster when interest rates decline than prices fall when interest rates rise).
- Your portfolio will be subject to credit and market risks. Investments in fixed-rate and floating rate mortgage-backed and asset-backed fixed-income securities will entail normal credit risks such as the risk of non-payment of principal and interest on the security, and market risks such as the risk that interest rates and other factors will cause the value of a security to decline. Many issuers or servicers of mortgage-backed securities guarantee timely payments of interest and principal on the securities, whether or not payments are made when due on the underlying obligations. This kind of guarantee generally increases the quality of a security but does not mean that the security's market value and yield will not decline. Like other fixed-income investments, the value of a fixed rate mortgage-backed and
- asset-backed security may tend to rise when interest rates fall and fall when interest rates rise. The value of fixed-income securities also may change based upon the markets' perception of the creditworthiness of the organization which issues or guarantees them.
- Your investment portfolios may, but are not required to, use credit ratings to evaluate securities. Credit ratings do not evaluate the market value risk of lower-quality securities and, therefore, may not fully reflect the true risks of an investment, and they are used only as a preliminary indicator of investment quality. Investments in lower-quality and comparable unrated obligations will be more dependent on our or our affiliates' credit analysis than would be the case with investments in investment-grade debt obligations.
- There are potential risks associated specifically with collateralized mortgage obligations ("CMOs"). CMOs issued by private entities are not U.S. Government securities and are not guaranteed by any government agency, although the securities underlying a CMO may be subject to a guarantee. Therefore, if the collateral securing the CMO, as well as any third-party credit support or guarantees, is insufficient to make payment the holder of a CMO could sustain a loss.
- There is other debt instrument, CBO, and CLO risk. The client investment portfolios may directly or indirectly invest in other investment grade or other debt instruments of companies or other entities not affiliated with countries or governments, including but not limited to, senior and subordinated corporate debt; investment grade tranches of collateralized mortgage obligations; preferred stock; corporate securities; and bank debt. As with other investments made by your investment portfolio, there may not be a liquid market for these debt instruments, which may limit the client investment portfolio's ability to sell these debt instruments or to obtain the desired price. Client investment portfolios may also invest in collateralized bond obligations ("CBOs") and collateralized loan obligations ("CLOs"), which may be fixed pools or may be "market value" or managed pools of collateral, including commercial loans, high yield and investment grade debt and derivative instruments relating to debt. Depending upon the tranche of a CBO or CLO in which your investment portfolio invests, the returns may be extremely sensitive to the rate of defaults in the collateral pool, and redemptions by more senior tranches could result in an elimination, deferral, or reduction in the funds available to make interest or principal payments to the tranches held by client investment portfolios. In addition, there can be no assurance that a liquid market will exist in any CBO or CLO when your investment portfolio seeks to sell its interest therein. Also, it is possible that your investment portfolio's investment in a CBO or CLO will be subject to certain contractual limitations on transfer. Further, a CBO or CLO may be difficult to value given current market conditions.
- There is floating and variable rate obligations risk. Client investment portfolios may invest in instruments that have floating and/or variable rate obligations. For floating and variable rate obligations, there may be a lag between an actual change in the underlying interest rate benchmark and the reset time for an interest payment of such an obligation, which could harm or benefit the client investment portfolio, depending on the

interest rate environment or other circumstances. In a rising interest rate environment, for example, a floating or variable rate obligation that does not reset immediately would prevent your investment portfolio from taking full advantage of rising interest rates in a timely manner. However, in a declining interest rate environment, your investment portfolio may benefit from a lag due to an obligation's interest rate payment not being immediately impacted by a decline in interest rates. Certain floating and variable rate obligations have an interest rate floor feature, which prevents the interest rate payable by the security from dropping below a specified level as compared to a reference interest rate. Such a floor protects client investment portfolios from losses resulting from a decrease in the reference rate below the specified level. However, if the reference rate is below the floor, there will be a lag between a rise in the reference rate and a rise in the interest rate payable by the obligation, and client investment portfolios may not benefit from increasing interest rates for a significant amount of time.

- Trading in certain securities and derivatives takes place primarily in over-the-counter markets consisting of groups of dealer firms that are typically major securities firms. Because the market for certain securities and derivatives is a dealer market, rather than an auction market, no single obtainable price for a given instrument prevails at any given time. Not all dealers always maintain markets in all securities. The bid-asked spread for certain securities may be significantly wider than for other instruments. There is no limitation on the daily price moves of these instruments and a dealer is not required to continue to make markets in such instruments. There have been periods during which dealers have refused to quote prices or have quoted prices with an unusually wide spread between the bid and asked price. By its nature, the market for certain securities is a very specialized market and investors in it have been predominantly financial institutions. The market for certain securities, while growing in volume, may pose liquidity problems as certain securities trade infrequently or only in small amounts. The limited size of the market for certain securities may cause prices to be unduly influenced by traders who take and trade large positions. Should you have exposure to such securities, we may have difficulty disposing of certain securities because there may be a thin trading market for such securities.
- Credit card receivables are generally unsecured, and the debtors are entitled to the protection of several state and federal consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. In addition, some issuers of automobile receivables permit the servicer to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables.
- Your Custodian may engage in over the counter ("OTC") transactions. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. Your portfolio could therefore be exposed to greater risk of loss through default than if trading was to regulated exchanges.
- We may seek to employ various risk management techniques designed to manage the risk of your portfolio versus one or more benchmark indices. A substantial risk remains, nonetheless, that such techniques will not always be possible to implement and when possible, will not always be effective in managing such risk.
- We may "err on the side of caution" after or anticipating periods of volatility or market instability, maintaining higher percentages of cash in your portfolio. This higher cash position may yield lower portfolio returns and prevent your portfolio from meeting its objectives.
- It may not always be possible to execute a buy or sell order at the desired price or at the desired time or to liquidate an open position due to market conditions or otherwise. It is also possible that a governmental authority may suspend or restrict trading or order the immediate settlement of a particular trade or securities or allow trading for liquidation purposes only.
- Substantial additional regulation on the financial markets may be imposed. Although it is not possible to predict what, if any, regulatory changes will in fact be imposed on the markets, any such regulations could significantly restrict our access to such markets. Any such regulations might also impair the liquidity of the markets.

- Institutions, such as brokers and dealers, generally referred to as qualified Custodians in this Brochure, may encounter financial difficulties that impair our operating capabilities. We attempt to limit our transactions to well-capitalized and established Custodians to mitigate such risks.
- Your portfolio may be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy, or other causes, which could subject your portfolio to substantial losses. To mitigate such risks, we will attempt to limit transactions to counterparties which are established, well-capitalized and creditworthy.
- It is possible that legislative, administrative, or judicial changes may occur which may alter, either prospectively or retroactively, any one or more of the risks.
- There is the risk that any or all our processes and procedures including without limitation investment processes, research, risk controls, people, systems, and tools and methodologies may fail and/or cease to work resulting in a significant loss in your portfolio. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- There is the risk that any or all our vendors and/or service providers upon which we rely, including without limitation clearing firms, research and data providers, pricing vendors, index providers, and NRSROs and other rating agencies may provide us with inaccurate information and/or services or fail to provide us with information and/or services. Any or all of these could cause a significant loss in your portfolio.
- There is the risk that we have not identified all your risks and that we may fail to do so in the future. To the extent we accurately identify your risks, there is the risk that we may fail to appropriately mitigate those risks. Additionally, to the extent that we do appropriately seek to mitigate those risks, there is the risk that one or more employees may violate our policies and procedures to mitigate those risks. Any or all of these factors could result in a significant loss in your portfolio.
- There is investment style risk. Different investment styles tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Your portfolio may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles.
- There is liquidity risk. Your portfolio may make investments that may become illiquid, or cease being publicly traded. This could yield a situation where no available market would currently be available. Or a position might become less liquid in response to market developments or adverse investor perceptions. Investments that are illiquid or that trade in lower volumes may be more difficult to value. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market, including in fixed income securities, or the lack of an active market. Additionally, market participants may attempt to sell fixed income holdings at the same time as the client portfolio, which could cause downward pricing pressure and contribute to illiquidity.
- There is management risk, which means a strategy we create may fail to produce the intended results for your portfolio, including the risk that the entire amount invested may be lost. There is no guarantee that the investment objective of your portfolio will be achieved, and investment results of your portfolio may vary substantially over time.
- There is market risk, which means the value of the securities in which your portfolio invests may go up or down in response to the prospects of individual companies, particular sectors, or governments, and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets. In addition, governmental and quasi-governmental organizations have taken several unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.
- There are legal, tax and regulatory risks. We are subject to legal, tax and regulatory oversight, including by the States, SEC, and similar regulators. As a result, certain of our activities and transactions in respect of your portfolio may be restricted. Similarly, there have been recent legislative, tax and regulatory changes and proposed changes that may impact your portfolios and create losses.

- There are environmental risks and risks related to natural disasters. Investments in or relating to real estate assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials, or other pollutants. Under various environmental statutes, rules, and regulations, a current or previous owner or operator of real property may be liable for noncompliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether the owner or operator knew of or was responsible for the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. Your portfolio may be exposed to substantial risk of loss from environmental claims arising in respect of real estate acquired with environmental problems, and the loss may exceed the value of such investment. Furthermore, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition of an investment and that could not have been foreseen.
- There is real estate industry risk. The real estate industry is particularly sensitive to economic downturns. The values of securities of companies in the real estate industry may go through cycles of relative under-performance and out-performance in comparison to equity securities markets in general. Additionally, there are risks related to general and local economic conditions which may include: possible lack of availability of mortgage financing, variations in rental income, neighborhood values or the appeal of property to tenants; interest rates; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; and changes in zoning laws.
- There is the impact of a recessionary environment on real estate investments. Investments in real estate may be adversely affected by deteriorations and uncertainty in the financial markets and economic conditions throughout the world. Real estate historically has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in the value of real property interests. All real estate-related investments are subject to the risk that a general downturn in the national or local economy will depress real estate prices. Given the volatile nature, we may not timely anticipate or manage existing, new, or additional risks, contingencies or developments, including regulatory developments and trends in new products and services, in the current or future market environment. Such a failure could materially and adversely affect the client investment portfolios and their investment objectives or could require client investment portfolios to dispose of investments at a loss while such unfavorable market conditions prevail.
- There is risk related to model portfolio allocations and rebalancing. Allocations of your portfolio assets may, from time to time, be out of balance with your portfolio model portfolio allocations for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of the investment products and/or securities to which the assets are allocated and reliance on estimates in connection with the determination of percentage allocations. Any rebalancing by us of your portfolio assets may have an adverse effect on the performance of your portfolio assets. For example, your portfolio assets may be allocated away from one or more over-performing investment product and/or security and allocated to one or more under-performing investment product and/or security. In addition, the achievement of any intended rebalancing may be limited by several factors, including the use of estimates of the net asset values of the investment products, and in the case of investments in investment products that are pooled investment vehicles, restrictions on additional investments in and redemptions from such investment products.
- There is hedging risk. Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over the counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions (collectively, "hedging instruments"). To the extent we or counterparties utilize hedging techniques in any position held in your portfolio, such techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of your portfolio or that losses on the hedge will occur at the same time as losses in the value of the positions of your portfolio. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, a holding within a position held your portfolio may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a

decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of your portfolio to hedge successfully will depend on our ability or that of counterparties to predict pertinent market movements, which cannot be assured.

- There is risk related to indirect investment in foreign securities. Some countries, especially emerging markets countries, do not permit foreigners to participate directly in their securities markets or otherwise present difficulties for efficient foreign investment. Your portfolio may use participation notes to establish a position in such markets as a substitute for direct investment. Participation notes are issued by banks or broker-dealers and are designed to track the return of a particular underlying equity or debt security, currency or market. When the participation note matures, the issuer of the participation note will pay to, or receive from, your investment portfolio the difference between the nominal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Investments in participation notes involve the same risks as are associated with a direct investment in the underlying security, currency or market that they seek to replicate as well as counterparty risk when traded over the counter. Foreign securities may also trade in the form of depositary receipts. Depositary receipts may not reflect the return a client investment portfolio would realize if the client investment portfolio owned the relevant securities underlying the depositary receipts. To the extent a client investment portfolio acquires depositary receipts through banks which do not have a contractual relationship with the foreign issuer of the security underlying the depositary receipts to issue and service such unsponsored depositary receipts, there may be an increased possibility that the client investment portfolio would not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the foreign issuer in a timely manner.
- There is geographic risk. Concentration of the investments of your portfolio in issuers located in a particular country or region will subject your portfolio, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory, economic or environmental developments; or natural disasters which may occur in that country or region.
- There is concentration risk. The risk exists that if your portfolio concentrates its investments in issuers within the same country, state, geographic region, industry, or economic sector, an adverse economic, business, political or other development may affect the value of the client investment portfolio's investments more than if its investments were not so concentrated. Also, concentration of the investments of a client investment portfolio in issuers located in a particular country or region will subject a client investment portfolio, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory, or economic events which may occur in that country or region. Finally, to the extent a client investment portfolio invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers or concentrates its assets directly or indirectly in investments in the same asset class or in one particular asset or security, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the client investment portfolio may affect the overall value of the account more than it would affect an account that holds more investments. In particular, the client investment portfolio may be more susceptible to adverse developments affecting any single issuer in the client investment portfolio and may be susceptible to greater losses because of these developments.
- There is conversion of equity investments risk. After its purchase, a non-equity investment directly or indirectly held by a client investment portfolio (such as a convertible debt obligation) may convert to an equity security. Alternatively, a client investment portfolio may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. The client investment portfolio or an investment fund in which the client investment portfolio invests may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint. Furthermore, an underlying investment fund may continue to hold an investment. Continued holding of such investments may adversely affect the client investment portfolio.
- There is risk related to limited assets. Your portfolio may at any time and from time to time have limited assets, which may limit our ability to trade in certain instruments that typically require minimum account balances and/or lot sizes for investment. Your portfolio may be limited with respect to the investment strategies it is able to employ and may be unable to diversify across investment strategies or instruments.
- There are restricted investments risks. Restricted securities are securities that may not be sold to the public without an effective registration statement under the U.S. Securities Act of 1933, as amended, or, if they are

unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. To the extent your portfolio invests in restricted securities, these restrictions could prevent your portfolio from promptly liquidating unfavorable positions and subject your portfolio to substantial losses.

- There is tax-managed investment risk. To the extent your portfolio is tax-managed because we balance investment considerations and tax considerations, the pre-tax performance of a tax-managed client's portfolio may be lower than the performance of similar client portfolios that are not tax-managed. Even though tax-managed strategies are being used, they may not reduce the amount of taxable income and capital gains to which your portfolio may become subject.
- There is timing of implementation risk. We gives no warranty as to the timing of the investment of your portfolio assets generally and/or any changes to your portfolio over time and from time to time (including in respect of asset allocation and investments), the performance or profitability of your portfolio or any part thereof, nor any guarantee that any investment objectives, expectations or targets with respect to your portfolio will be achieved, including without limitation, any risk control, risk management or return objectives, expectations or targets. For example, there may be delays in the implementation of investment strategies, including because of differences in time zones and the markets on which securities trade.
- There is limited information risk. We will consider allocations for your portfolio utilizing information made available to us; however, we may not generally have access to all information. Therefore, we will generally not be able to review potential investments for your portfolio with the benefit of information held by others and not made available to us.
- To the extent your portfolio invests in IPOs/new issues, there is IPO/new issues risk which is the risk that the market value of IPO/new issue shares held in your portfolio will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading, and limited information about a company's business model, quality of management, earnings growth potential, and other criteria used to evaluate its investment prospects. The purchase of IPO/new issue shares may involve high transaction costs. Investments in IPO/new issue shares, which are subject to market risk and liquidity risk, involve greater risks than investments in shares of companies that have traded publicly on an exchange for extended periods of time.
- There may be preferred stock, convertible securities, and warrants risks. The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock. Their value is also affected by adverse issuer or market information.
- There is real estate investment trust ("REIT") risk. REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors. Securities of such issuers may lack sufficient market liquidity to enable your portfolio to effect sales at an advantageous time or without a substantial drop in price. The failure of a company to qualify as a REIT could have adverse consequences for a client investment portfolio invested in the company.
- There is the risk of failure to qualify as a REIT. Each REIT in which a client investment portfolio invests will operate in a manner intended to qualify as a REIT for U.S. federal income tax purposes. A REIT's compliance with the REIT income and asset requirements depends, however, upon its ability to successfully manage the composition of its income and assets on an ongoing basis. If any REIT were to fail to qualify as a REIT in any taxable year, it would be subject to U.S. federal, state, and local income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and distributions by the REIT would not be deductible by such REIT in computing its taxable income. Even if a REIT remains qualified for taxation as a REIT, it may be subject to certain U.S. federal, state and local taxes on its income and assets under certain circumstances.
- There is mortgage-backed and/or other asset-backed risk. Mortgage-related and other asset backed securities are subject to certain additional risks, including "extension risk" (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and "prepayment risk" (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing your portfolio to reinvest

proceeds at lower prevailing interest rates). Mortgage-backed securities offered by non-governmental issuers are subject to other risks as well, including failures of private insurers to meet their obligations and unexpectedly high rates of default on the mortgages backing the securities. Other asset-backed securities are subject to risks like those associated with mortgage-backed securities, as well as risks associated with the nature and servicing of the assets backing the securities.

- There are municipal securities risks. Municipal securities risks include interest rate risk, the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. The risk that any proposed or actual changes in income tax rates or the tax-exempt status of interest income from municipal securities can significantly affect the demand for and supply, liquidity and marketability of municipal securities. Such changes may affect your portfolio asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Moreover, certain of the municipalities in which a client investment portfolio may invest may experience significant financial difficulties, which may lead to bankruptcy or default.
- There is sovereign debt risk. Not all the securities that are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof will have the explicit full faith and credit support of the relevant government. Any failure by any such government to provide such support could result in losses to your portfolio.
- There is U.S. government securities risk. The U.S. government may not provide financial support to U.S. government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. U.S. government securities, including those issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal Home Loan Banks are neither issued by nor guaranteed by the U.S. Treasury and therefore are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. government securities held by a client investment portfolio may greatly exceed their current resources, including any legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. Additionally, the U.S. government and its agencies and instrumentalities do not guarantee the market values of their securities, which may fluctuate.
- There is risk related to the failure of brokers, counterparties, and exchanges. Your portfolio will be exposed to the credit risk of the counterparties with which it, or the brokers, dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. Many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with over the counter ("OTC") transactions. Therefore, in those instances in which a client investment portfolio enters into OTC transactions, the client investment portfolio will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the client investment portfolio will sustain losses. Furthermore, a client investment portfolio may, from time to time, enter into arrangements with certain brokers or other counterparties that require the segregation of collateral. For operational, cost, or other reasons, when setting up arrangements relating to the execution/clearing of trades, a client investment portfolio may choose to select a segregation model which may not be the most protective option available in the case of a default by a broker or counterparty. Your portfolio may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of your portfolio, or the bankruptcy of an exchange clearing house. In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, your portfolio deals, your portfolio might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to your portfolio, and, to the extent such assets or amounts are recoverable, your portfolio might only be able to recover a portion of such amounts. Further, even if your portfolio can recover a portion of such assets or amounts, such recovery could take a significant period of time.
- There are the risks of derivative investments. Positions in your portfolio may include investment in derivative instruments including, without limitation, options, futures, options on futures, forward contracts, swaps, interest rate caps and floors and collars, and participation notes. To the extent you have exposure to these types of derivative instruments through counterparty OTC transactions, there may be less governmental regulation and supervision of the OTC markets than of transactions entered into on organized exchanges. Investments in derivative instruments may be for both hedging and non-hedging purposes (that is, to seek to



increase total return), although suitable derivative instruments may not always be available to counterparties or for these purposes. Losses in your portfolio from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if your portfolio receives cash collateral under the transaction and some or all that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation, and your portfolio may be responsible for any loss that might result from its investment of the counterparty's cash collateral. The use of these management techniques also involves the risk of loss if we or counterparties are incorrect in its expectation of the timing or level of fluctuations in securities prices, interest rates, currency prices or other variables. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely subject to changes in tax treatment than other investments. For these reasons, attempts to hedge portfolio risks using derivative instruments may not be successful, and we may choose not to hedge certain portfolio risks. Investing for non-hedging purposes is considered a speculative practice and presents an even greater risk of loss.

- There is commodity sector risk. To the extent that there is exposure to the commodities markets, it may subject your portfolio to greater volatility than investments in other sectors. The commodity sector may be affected by changes in overall market movements, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of energy, industrial metals, precious metals, and agriculture and livestock sector commodities may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies.
- There is a terrorism risk. Terrorist attacks may exacerbate some of the general risk factors related to investing in certain strategies, which could adversely affect the profitability of client investment portfolio investments. For example, prices for certain commodities will be affected by available supply, which will be affected by terrorism in areas in which such commodities are located. We cannot predict the likelihood of these types of events occurring in the future nor how such events may affect client investment portfolio investments.
- There is inflation protected securities ("IPS") risk. To the extent your portfolio invests in IPS, the value of IPS generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of IPS. The market for IPS may be less developed or liquid, and more volatile, than certain other securities markets. In addition, the value of Treasury Inflation-Protected Securities ("TIPS") generally fluctuates in response to inflationary concerns. As inflationary expectations increase, TIPS will become more attractive, because they protect future interest payments against inflation. Conversely, a client's portfolio that invests in inflation protected securities will be subject to the risk that prices throughout the economy may decline over time, resulting in "deflation". If this occurs, the principal and income of inflation-protected fixed income securities held by your portfolio would likely decline in price, which could result in losses for your portfolio. Further, there can be no assurance the various consumer price indices used in connection with IPS will accurately measure the real rate of inflation in the prices of goods and services, which may affect the value of IPS.

The foregoing list of risks does not purport to be a complete explanation of the risks involved with respect to investing in securities or with respect to us.

You should remain aware that any investment in securities involves a level of risk that you should carefully consider. Throughout your relationship with us, be certain to disclose and discuss any factors that might affect your risk tolerance, including health, changes in financial condition, or any other factors.

## Item 9: Disciplinary Information

We and our management are free of regulatory, legal, criminal, statutory, complaint, judgment, administrative proceeding, violation, legal action, or any other business-related incidents that might tarnish our reputation or negatively impact our ability to serve you with honor.

We have no history of criminal charges, pleas, or convictions.

We are not the subject of any criminal proceeding of any type.

We have not been found in violation of any statute or regulation.

We have not been the subject of any order, judgment, or decree or in violation of any of these.

We have not been the subject of any administrative proceedings at the State or Federal Level.

We have not been found in violation of any statute or regulation.

Our management is not barred from the securities industry.

We are not limited by any legal action from conducting business on your behalf.

We are not the subject of any civil penalties of any kind.

We have never been the subject of any self -regulatory organization proceeding.

We and our management have never been a party to any investment-related business which has lost its authorization to do business.

We have not been the subject of any disciplinary event, incident of complaint, legal action, administrative proceeding, or regulatory inquiry that requires disclosure under regulatory rules governing this document.

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

We are an independent and privately-owned firm and are not under the control or direction of ANY third party. Additionally, we do not control any outside parties.

Our APs may be licensed to sell Life Insurance, Annuities, or Health Insurance or actuarial products. Such licensure is maintained ONLY to help obtain relevant data for clients who have inquiries about such products they have purchased in the past. The AP will NEVER SELL commissioned products of any type.

## **Item 11: Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our APs. Our goal is to always protect your interests and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All our APs are expected to adhere strictly to these guidelines. We also maintain a strict privacy policy.

Our Code of Ethics and Privacy Policy is established consistent with rules established by the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940, Rule 204A-1. The Code requires: Compliance with Federal and State Securities Laws, Avoidance of Conflicts of Interest, Prohibitions against Insider Trading, and Protection of Client Confidentiality.

You may obtain a copy of our Code of Ethics by contacting 404-245-7900 or sending email to [info@moneygrow.com](mailto:info@moneygrow.com).

We do not and will not co-mingle funds with you, become Trustees or Officers in your business or estate activities, or engage in any loan or borrowing activities with you.

APs may open accounts for you at SAS and this may present a conflict of interest because SAS offers research, educational meetings, and support in exchange for using their resources. We mitigate these conflicts by acting in your best interest under our duties of care, honesty, loyalty, and good faith. It is our opinion that SAS provides adequate flexibility and market-breadth scope that allow us to meet our Fiduciary obligation. However, as an additional mitigation, you always have the right to choose whether to act on our advice. Further, when you choose to act, you always retain the right to open accounts on your own, through whichever Brokerage or RIA firm you may prefer.

Sometimes we will recommend a securities position to you that is owned by an AP. In the event buy or sell trades are to take place in these securities for you and an AP's portfolio concurrently, we avoid conflict of interest by block trading, which avoids "front running" and prevents your trade from being affected by our trades in price terms. The volumes of shares we trade typically do not effect changes in market price.

## Item 12: Brokerage Practices

### Item 12(a,1) Research & Other Soft Dollar Benefits

Our relationship with a qualified Custodian provides us with certain tangible benefits in the form of training, convention participation, advice, subscription discounts, access to research, expertise, or other benefits that may benefit us financially. However, we do not receive traditional "soft-dollar" benefits which are customarily tangible or intangible incentives and rewards for sales of certain securities or investment classes. In other words, our volume of activity or assets under management has virtually no effect on the benefits we may receive. Since we do not provide investment services on a commission basis, we avoid certain conflicts of interest that may be present in commission-paying distribution systems.

Virtually any brokerage relationship presents potential for a conflict of interest since Brokerage Firms such as SAS is not the only possible choice available, yet for efficiency's sake and based on experience with a variety of platforms, we find them an effective resource. Within the scope of any AP-Brokerage relationship, agreements beyond the control of APs include access to custodians, operations software, analysis tools, institutional selling agreements, industry affiliations, incentives, education, conflicts, limitations, management biases, prohibitions against use of certain types of products, and/or other material factors that we may or may not be aware of. The AP must choose from among brokerage alternatives for client service under prevailing industry and regulatory standards. Accepting these elements by an AP may prevent certain alternatives from ever being discussed or recommended because such alternatives could lie outside the approved scope of the Brokerage's capabilities, thus be unavailable to the AP and Client. Where conflicts of interest may exist in this context, they must all be mitigated through continuing performance of Fiduciary Duty and the persistent effort to act in your best interest.

In the above context, we recommend brokerage relationships based on several criteria in order of importance.

- Freedom to recommend what we feel is right for you without constraint, interference, or incentives to sell proprietary in-house products or certain services over others in the competitive marketplace.
- Broad product availability across all relevant markets and exchanges
- Efficient trade execution for you at a reasonable cost
- Effective reporting and online access tools for you
- Reasonable costs to us for account services, that do not force us to take a revenue-driven approach to your relationship.

We suggest a brokerage only based on reputation and practicality. We recommend only what we feel is in your best interest among choices we have observed over decades of service to clients.

### **Item 12(a,2) Brokerage in Return for Client Referrals**

We do not receive client referrals from any qualified Custodian. We select a qualified Custodian based on reputation, market scope, effectiveness, internal systems, controls, and overall quality of service. We avoid the use of custodians who have intrinsic conflicts of interest by offering and promoting in-house products.

### **Item 12(a,3) Directed Brokerage**

#### **Item 12(a,3,a) Our Recommendation for Your Account Custody and Execution**

For engagements under our Managed Accounts, we require clients to open accounts at SAS as qualified Custodian, which merged TD Ameritrade into their systems during Labor Day Weekend 2023. Some advisors offer other or additional qualified Custodians. SAS serves Registered Investment Advisors only. We have extensive experience using a variety of trading platforms and find SAS resources to be competitive in the present market environment. SAS typically offers commission-free transactions on most securities trades. We find this competitive in the present brokerage environment. Generally, there are no commissions payable to or by SAS for any financial products, except for certain mutual funds which are not offered on a No Transaction Fee schedule. As a rule, it is our practice to avoid selection of Transaction Fee mutual funds. We do have the flexibility to add additional qualified Custodians at any time.

#### **Item 12(a,3,b) When you choose to direct your account to a different brokerage**

Some clients may not wish to use SAS for reasons of their own preference. In such cases, we will not be able to take discretion or provide routine account oversight. It may be that transaction fees. In some brokerage firms, you may be able to obtain lower-cost services than we can offer.

### **Item 12(b) Aggregation of Securities Purchases**

As mentioned above, under Code Of Ethics we generally block trade all client accounts where possible.

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

We maintain a schedule of quarterly in-depth review of all client investment accounts. We call this the CFS Cyclical Review Process.

Since the inception of our service to the public, we have offered quarterly reviews, many of which take place online, and some in-person but which can also be done over phone, or video conference. In these reviews, we systematically examine the premises beneath our recommendations in the context of your circumstances, changing market conditions, and our then-current forecast. In such reviews we frequently obtain your approval for and comments about our suggestions. Unless otherwise agreed upon, we provide documentation of the status of your holdings, discuss our recommendations, and integrate new information.

We may call upon you to conduct a review beyond our normal schedule if your circumstances, market conditions or other relevant factors call for adjustments in strategy or tactics.

Our reviews involve a three-stage process. First, we review all holdings on a performance and consistency regardless of Custodian or type. Secondly, we examine benchmarks and comparable alternatives. We make recommendations for changes that may be more effective or rebalance portfolios. Finally, we generally produce a written report with numerical and graphical elements that provide a thorough overview of both existing and recommended status.

## **Item 14: Client Referrals and other Compensation**

We do not offer compensation for client referrals to any source, and we don't receive rewards that constitute economic benefit for sales activities. These limitations can help us remain neutral and avoid conflicts of interest. However, even given such limitations, we cannot always avoid conflicts of interest that may become apparent with the passage of time. Wherever and whenever possible, we mitigate these conflicts by doing what is right for our client.

## **Item 15: Custody**

We do not take custody of client funds or securities under any circumstances. We do utilize qualified Custodians which will provide Statements, Confirmations, and summaries that should be reviewed and maintained in an orderly fashion by you. The Custodians may also provide online access to up-to-date account information. Custodians will also provide information such as gain/loss information and tax-related resources where applicable. Custodians are responsible for obtaining payment from your managed accounts the fees agreed upon in your MAA and delivering such fees to us.

## **Item 16: Investment Discretion**

We offer discretionary and non-discretionary accounts. In a discretionary account, we are not required to do obtain your approval prior to acting on your behalf. In all accounts, you have the right to place limitations on purchases, allocations, cash-maintenance percentages, and any other elements you may feel are appropriate. Such limitations should be expressed in the "Notes" section of your MAA.

## **Item 17: Voting Client Securities**

It is our practice to encourage you to vote directly in all proxy solicitations and to maintain a posture of active corporate governance. We do not generally accept authority to vote proxies for you but are available to make recommendations or share information that may be helpful to you as you consider this important investor function. It is our view that investor failure to engage in corporate governance has led to most of the unfortunate major financial catastrophes our markets have faced, and avoiding the issue is not a solution.

## **Item 18: Financial Information**

We are not required to file a financial statement under this section.

We do not face any financial condition that is likely to impair our ability to meet our contractual commitments to clients.

## **Item 19: Requirements for State-Registered Advisors**

The following information is provided about President Chief Executive Officer, Chief Compliance Officer Frederick Ravid, Investment Advisor Representative, Born 1954

## Formal Education

University of Chicago, English Literature

American Conservatory of Music Chicago IL– Piano Performance & Composition under the legendary Pianist and Pedagogue William Browning of Juilliard, who was Student of Carl Friedberg, who was a student of Johannes Brahms and Clara Schumann.

American College of Financial Services, King of Prussia, PA,

- Chartered Life Underwriter (CLU®) 1992
- Chartered Financial Consultant (ChFC®) 1993.

ChFC® is an advanced Financial Planning designation. The American College stated ChFC® is “the most extensive education program required for any financial services professional.” (as of 4/2016)

The American College stated: CLU® “is the world’s most respected designation of insurance expertise, providing in-depth knowledge on the insurance needs of individuals, business owners and professional clients.”

The American College is Accredited by the Middle States Commission on Higher Education.

American College coursework completed:

Fundamentals of Insurance Planning  
Individual Life Insurance  
Investments  
Fundamentals of Estate Planning  
Income Taxation  
Group Benefits  
Life Insurance Law  
Planning for Retirement Needs

The Financial System in the Economy  
Estate Planning Applications  
Wealth Accumulation Planning

Georgia State University – Accounting

## Business Background

Chartered Financial Services Inc. succeeded Ravid & Associates in June 1994.  
Ravid & Associates was founded in August 1986

Ravid Consulting, New York and San Francisco 1983-1986  
Technology Consulting Services to the following 1983-1985  
Chase Manhattan Bank, Wall Street  
United Nations Development Program  
Deutsch Shea & Evans Advertising, New York.  
Peerless Instrument Corp – Elmhurst NY – Mechanical Design Engineer 1982  
Teradyne Inc. (NYSE: TER) Senior Mechanical Design Engineer 1978-1982

## Faculty

Georgia State University Adult Continuing Education 1995-1997  
Estate Planning  
Retirement Planning

Securities Exams Passed

Registered Representative  
Registered General Securities Principal

Insurance Licenses Held

Georgia Life Accident & Sickness, Variable Life & Variable Annuity Lic. #369809

Disciplinary Information

As implied above, Mr. Ravid personally has no material legal, financial, or disciplinary events that might require disclosure or be pertinent to your assessment of integrity. He has never been the subject of any arbitration. Aside from divorce, he has not been subject of any litigation whatsoever nor has he been required to pay damages or other awards under any circumstances for any reason over the entire course of his career history.

Other Business Activities

Mr. Ravid is engaged in the following additional activities. These fall under the FINRA classification of "Outside Business Activities" (OBA). None of these activities involve conflicts of financial industry or client conflicts of interest. None of these OBA represent a substantial income source.

Mr. Ravid is separately licensed as an independent insurance agent. In this capacity, the licensure is essentially dormant and maintained only in order to serve clients who may have questions about once-purchased policies. He DOES NOT sell any actuarial product or commissionable products of any kind.

Mr. Ravid is founder of ProOrganic.org, created in 2012 to address issues associated to Food/Regulatory integrity at the Food and Drug Administration, USDA and EPA. ProOrganic.org's mission supports organic and local food production, gardening, self-determination, and full public disclosure and labeling of potentially harmful food-related elements such as Genetically Modified Organisms (GMO). ProOrganic.org opposes centralized agriculture, loss of self-determination, seed monopolies, factory farming, regulatory corruption at US Government agencies, and the widespread cultivation of GMO crops using killer pesticides and herbicides. This OBA does rarely requires activity during business hours. As many as 200k monthly visitors exchange and obtain food-and-regulatory-related information, recipes, details about healthy diet, gardening methods, news about regulatory and food industry developments, and occasional humor.

For more info see. <http://www.facebook.com/proorganic.org>

Mr. Ravid offers residential real estate leasing to long-term private tenants for residential properties in Georgia and long and short-term residential rentals in Colorado. This OBA requires no activity during business hours.

Chartered Financial Services, Inc. is sole owner of Wizzard Media Studios, with a recording studio and media production/music-related resources. This DBA entity occasionally provides Master Piano Technician Services to instrument owners, and occasionally oversees rebuilding of Steinway or other fine quality grand pianos for personal use. These services do not typically take place during business hours. This activity is conducted under a dba of "PianoMaster®."

#### Additional Compensation

No economic benefit is received in forms such as sales awards, bonuses, prizes, travel, or other perquisites.

#### Supervision

Mr. Ravid is subject to Federal and State Securities Laws, State Securities Division authorities, Chartered Financial Services, Inc. Code of Ethics, Chartered Financial Services, Inc. Supervisory Procedures, and Chartered Financial Services, Inc., Chief Compliance Officer.

Chartered Financial Services, Inc. is not related in any way to ANY issuer of securities.

#### Additional Information

No additional disclosures are required.



## FORM ADV Part 2-B

**Frederick Ravid**

**907 S Emporia St. Denver, CO 80247**

**1454 Lachona Ct. NE Atlanta, GA 30329**

**TEL: 404-245-7900 TOLL FREE: 800-352-8390**

**Chartered Financial Services, Inc.  
907 S Emporia St. Denver, CO 80247**

**4/03/2024**

**This Brochure Supplement provides information about Frederick Ravid, Investment Advisor Representative for Chartered Financial Services, Inc. This supplements the Chartered Financial Services, Inc. Brochure. You should have received a copy of that Brochure. Please contact Chartered Financial Services, Inc. if you did not receive the Brochure or if you have any questions about the contents of this supplement.**

Additional information about Frederick Ravid is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at [brokercheck.finra.org](http://brokercheck.finra.org)

### Item 2 - Educational Background and Business Experience

Name: Frederick Ravid  
Year of Birth: 1954

#### Formal Education after High School:

- University of Chicago, English Literature
- American Conservatory of Music Chicago IL– Piano Performance & Composition
- American College of Financial Services, King of Prussia PA,  
Chartered Life Underwriter (CLU®) 1992
- American College of Financial Services, King of Prussia PA,  
Chartered Financial Consultant (ChFC®) 1993

ChFC® is an advanced Financial Planning designation. The American College stated ChFC® is "the most extensive education program required for any financial services professional." (as of 4/2016)

The American College stated: CLU® "is the world's most respected designation of insurance expertise... providing in-depth knowledge on the insurance needs of individuals, business owners and professional clients." (as of 4/2016)

The American College is Accredited by the Middle States Commission on Higher Education.

#### American College coursework Included:

- Fundamentals of Insurance Planning
- Individual Life Insurance
- Investments

- Fundamentals of Estate Planning
- Income Taxation
- Group Benefits
- Life Insurance Law
- Planning for Retirement Needs
- The Financial System in the Economy
- Estate Planning Applications
- Wealth Accumulation Planning Georgia State University – Accounting

Five years of business background (including titles):

- 1994 – Present, Chartered Financial Services Inc., a Registered Investment Advisor – President, CEO, CCO (succeeded Ravid & Associates which was founded in August 1996).

### Item 3 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Mr. Ravid has no applicable disclosure material to report.

### Item 4 - Other Business Activities

Mr. Ravid is separately licensed as an independent insurance agent. In this capacity, the licensure is essentially dormant, and is maintained in order to serve clients who may have questions about once-purchased policies. He DOES NOT sell any actuarial product or commissionable products of any kind.

As part of Mr. Ravid's fiduciary duty to his advisory clients, Mr. Ravid endeavors always to put the interests of his clients first. Clients should be aware, however, that the receipt of fees by Mr. Ravid, in and of itself creates a potential conflict of interest.

Mr. Ravid is engaged in the following additional outside activities.

Mr. Ravid is founder of ProOrganic.org, created in 2012 to address issues associated to Food/Regulatory integrity at the Food and Drug Administration, USDA and EPA. ProOrganic.org's mission supports organic and local food production, gardening, self-determination, and full public disclosure and labeling of potentially harmful food-related elements such as Genetically Modified Organisms (GMO).

ProOrganic.org opposes centralized agriculture, loss of self-determination, seed monopolies, factory farming, regulatory corruption at US Government agencies, and the widespread cultivation of GMO crops using killer pesticides and herbicides. This OBA rarely requires activity during business hours. As many as 200k monthly visitors exchange and obtain food-and-regulatory-related information, recipes, details about healthy diet, gardening methods, news about regulatory and food industry developments, and occasional humor.

Chartered Financial Services, Inc. is sole owner of Wizzard Media Studios, with recording studio and media production/music-related resources. This DBA entity occasionally provides Master Piano Technician Services to instrument owners, and occasionally oversees rebuilding of Steinway or other fine quality grand pianos for personal use. These services do not typically take place during business hours. This activity is conducted under a dba of "PianoMaster®."

For more info see <http://www.facebook.com/proorganic.org>,

Mr. Ravid offers residential real estate to private tenants for residential properties in Georgia and Colorado. This OBA rarely requires activity during business hours.

### Item 5 - Additional Compensation

No disclosures

Item 6 - Supervision

Mr. Ravid is subject to Federal and State Securities Laws, State Securities Division authorities, Chartered Financial Services, Inc. Code of Ethics, Chartered Financial Services, Inc. Supervisory Procedures, and Chartered Financial Services, Inc., Chief Compliance Officer.

Item 7- Disclosures

Subject to reporting requirements, Mr. Ravid has no reportable disclosures.