

## **46 Peaks Investment Advisory Group, LLC**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of 46 Peaks LLC. If you have any questions about the contents of this brochure, please contact us at (215) 497-8310. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about 46 Peaks LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for 46 Peaks LLC is 306902. We conduct business under the trade name 46 Peaks Investment Advisory Group.

46 Peaks LLC is a registered investment adviser with the United State Securities and Exchange Commission. 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**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

This version of our brochure updates our assets under management.

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## Item 4 Advisory Business

### Description of Services

We are a newly formed entity having obtained federal registration with the United States Securities and Exchange Commission (“SEC”) on January 10, 2020. We are based in Newtown, Pennsylvania. We are organized as a limited liability company under the laws of the Commonwealth of Pennsylvania. We were formed in 2019 and began operations in February 2020. As of February 7, 2020, 46 Peaks LLC is 100% owned by Louis Fancher III and Erik Mosholt. We conduct business using the trade name, 46 Peaks Investment Advisory Group.

The following paragraphs describe our proposed services. Please refer to the description of each investment advisory service listed below for information on how we deliver these services and how we tailor our services to your individual needs. As used in this brochure, the words “we”, “our”, “the firm” and “us” refer to 46 Peaks LLC and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the terms “Associated Person” or “Investment Adviser Representative” throughout this Brochure. As used in this Brochure, our Associated Persons are our firm’s officers, employees, and other staff, and Investment Adviser Representatives are all individuals providing investment advice on behalf of our firm.

The advisory services we offer include Discovery Analysis, Financial Planning, selection of sub-advisers, Retirement Plan Consulting, and Portfolio Management as described more fully below. These services may be offered to clients on an all-inclusive or individual basis.

Our process typically begins with an introductory meeting during which the various services provided by our firm are explained to you. During or after the initial meeting, we collect pertinent information about your personal and financial circumstances and objectives. As needed, we conduct follow-up interviews for the purpose of reviewing and/or collecting financial data. Prior to proceeding with the delivery of advisory services, together with you we determine the scope of the services to be provided.

#### *Discovery Analysis*

We offer a discovery analysis service to help us organize your financial information and determine the scope of services that are most suitable for your financial situation and investment needs. A discovery analysis provides a framework to:

1. Define your objectives and investment options;
2. Identify areas of greatest concern;
3. Create a personalized picture of your overall financial situation;
4. Help us to address your specific financial needs and objectives.

#### *Financial Planning Services*

We offer broad-based and structured financial planning services. Financial planning typically involves a variety of services regarding the analysis of your individual financial resources, objectives and needs. If you retain us for financial planning services, one or more of our Investment Adviser Representatives will meet with you to gather information about your financial circumstances and objectives such as liquidity needs, personal needs, insurance needs, risk tolerance, and other financial related information. Once we review and analyze the information you provide to us, we may deliver a formal plan to you, designed to help you achieve your stated financial goals and objectives. Thereafter, as needed, we will schedule a series of meetings to review the plan with you, meet with your other

advisors (legal, tax, etc.) if necessary, and, if you wish, help you to implement your plan. Please note that we do not provide specific tax or legal advice to our clients but will interface with your other professional service providers to implement your overall financial plan and strategy.

Financial plans are based on your financial situation as you have provided to us at the time we present the plan to you, and on the financial information you provide to us. If you engage us for ongoing financial planning, you must promptly notify us of any changes to your financial situation, goals, objectives, or needs.

If you implement our financial planning recommendations through other advisory services offered by our Investment Adviser Representatives, we may waive or offset the financial planning fee at our sole discretion. You are not obligated to act on our financial planning recommendations. If you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. You may implement our recommendations with any firm of your choice.

All financial planning projections are dependent on future events that may not be known at the time of planning. As a result, there can be no assurance that any projections or estimates will be realized, nor can there be any assurance that if they are realized, that they will be sufficient to meet future needs. All projections and estimates are furnished for illustrative purposes only and are not predictions or guarantees of future returns.

We may offer you access to an Internet-based financial planning platform that provides a single access point for your financial profile. This web-based platform may offer various personalized reporting or analysis tools for investment planning, asset allocation, insurance needs, benefits analysis, estate planning, and tax reporting, among other services. This platform also provides an online storage capability that enables you to track valuable documents, such as wills, insurance policies, and property titles.

### *Retirement Plan Consulting Services*

We offer Retirement Plan consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciaries. In general, these services may include, but are not limited to, a review of plan features, a review of investment selections, asset allocation consulting, and review and analysis of other plan service providers. If appropriate and practical, we may also provide communication and enrollment services where we assist the plan sponsor by providing information regarding the retirement plan to its participants.

Non-investment related consulting services are non-discretionary and consultative in nature. The ultimate decision to act on behalf of the plan remains with the plan sponsor or other named fiduciaries who are free to seek independent advice about any recommendations for the Plan. Investment related retirement plan consulting services may be discretionary or non-discretionary in nature. The specific nature and terms of the services will be identified in our retirement plan consulting agreement with you.

### *Portfolio Management Services*

We offer discretionary and non-discretionary portfolio management services. Generally, this includes an assessment of your investing profile, investment objectives, asset allocation and portfolio design, and ongoing portfolio management. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, investment time horizon and other relevant information ("suitability information") at the beginning of our advisory relationship. If you

are introduced to us by a third-party solicitor, then the third-party solicitor may meet with you to collect your suitability information and provide to us. Generally, we use this suitability information and discussions with each client to identify a “target asset allocation” for you. This target asset allocation is a high level, neutral long-term portfolio that serves as a baseline for a current, specific portfolio design. We maintain current, tactical asset allocation models for each long-term target asset allocation across the risk spectrum from conservative to aggressive. Current asset allocation models usually differ from their neutral long-term target asset allocations, based on our assessment of market conditions and short-term or intermediate-term investment opportunities and risks.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization permits us to determine the specific securities, and the amount of securities, to be purchased or sold and to execute those transactions in your account without your prior approval for each specific transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter a non-discretionary arrangement with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. In general, we expect most of our client relationships to be discretionary in nature. We will generally accept clients on a non-discretionary basis only if there are extenuating circumstances.

We primarily research and recommend investments in mutual funds, exchange traded funds, exchange traded notes, closed end funds, interval funds, interests in partnerships and other private investments, as well as the recommendation or selection of unaffiliated discretionary portfolio managers for individual client accounts. To a lesser extent, we may recommend investments in individual securities such as individual stocks and bonds on a case-by-case basis.

Our investment advice will be tailored to your situation based on your needs, investment objectives, the size of your portfolio, your tax situation and the tax profile of your account registrations. As part of our portfolio management services, we may recommend a customized investment portfolio for you in accordance with your specific situation, requests, or reasonable restrictions. After we recommend an investment portfolio to you and you agree to implement a portfolio with us, we will implement the selected portfolio investments on your behalf. After the initial investment of your portfolio, we will monitor your portfolio on a periodic basis, and depending on whether or not you have granted us discretionary authority, we will either re-allocate or recommend a reallocation of the portfolio as needed based on our assessment of changes in market conditions and/or your financial circumstances as you advise us. We generally do not implement or recommend frequent changes to client portfolios.

In certain circumstances, as requested by a client, we may provide portfolio management services that are different from the services described above. These situations are typically based on very specific client requests for a portfolio comprised of a specific type of security or to meet a very specific need.

Portfolio management services are rendered primarily on accounts held in custody at Schwab Institutional and to a lesser extent, accounts held at financial institutions other than Schwab Institutional, including 401(k) or other employee benefit accounts. Such services may include analysis and advice on investment options and portfolio strategy recommendations. We may be unable to effect transactions in accounts held at custodians other than Schwab. In such cases, you will be responsible for implementing any recommendations/advice. We may decline your request to provide advice on assets held at custodians other than Schwab Institutional. For more information, please refer to “Other Financial Industry Activities and Affiliations” and “Brokerage Practices” sections of this brochure.

## *Selection of Separate Account Managers*

As part of our investment advisory services, we may recommend that you use the services of a separate account manager (“SAM”) to actively manage on a discretionary basis, a portion of, or your entire investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage one or more specific SAMs. Factors that we consider when making our recommendation(s) include, but are not limited to: the SAM’s performance, the quality, depth and tenure of the SAMs Portfolio Management personnel, methods of analysis, fees, your financial needs, the size of your portfolio, investment goals, risk tolerance, and investment objectives. We periodically monitor all SAMs to ensure their management and investment style remains aligned with your investment goals and objectives and we will contact you periodically to review your financial situation and objectives, and to assist you in understanding and evaluating the services provided by each SAM. You should promptly notify us of any material change in your financial situation, investment objectives, or account restrictions.

The SAM(s) will actively manage your portfolio and will assume full discretionary investment authority over your account. Our firm will assume limited discretionary authority to hire and fire SAMs who maintain a sub-advisory relationship with our firm, and if you grant us discretionary authority, we will have the same authority for SAMs who are not sub-advisors to us, and to reallocate your assets among such SAMs, when we deem such action to be in your best interest. However, we will not have investment discretion or trading authority over the selection of individual securities in your SAM account. Our ability to hire and fire sub-advisors and other SAMs on your behalf is based on you granting our firm discretionary authority to do so, which is authorized by the investment advisory agreement you sign with our firm.

## **Types of Investments**

We primarily offer portfolio management services on portfolios comprised of mutual funds, exchange traded funds, exchanged traded notes, interval funds, and third-party equity and bond SAMs. To a lesser extent, we may also offer portfolio management services on individual securities such as individual stocks, bonds and closed end funds, as well as certificates of deposit, insurance products including but not limited to variable annuities, and private investments such as interests in limited partnerships. We may invest or recommend investment in securities with different degrees of liquidity. Some of these investments may not be available for immediate liquidation (conversion to cash). In the context of financial planning services, we may offer advice on these same types of securities and we may also provide advice on other securities and investments that are not generally part of our portfolio management services.

## **Assets under Management**

As of March 13, 2020, our regulatory assets under management were \$102,695,898. In addition, we advised on \$17,437,129 of pension plan assets that are not considered regulatory assets under management.

## **Item 5 Fees and Compensation**

### **Discovery Analysis**

For our “Discovery Analysis” Service, we charge a fixed fee ranging between \$1,000 and \$5,000 for the discovery analysis service. This fee is payable in advance of services rendered. After the analysis has been performed, the fee is not refundable. Under extraordinary circumstances, our fees may be than the fees stated above. An estimate of the total time/cost will be determined at the start of the

advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee. Under no circumstances will we charge you \$500 or more for discovery analysis services which are provided six months or more in advance.

### **Financial Planning Services**

For our "Financial Planning Services" we charge an annual retainer fee either as a fixed fee ranging between \$2,500 and \$25,000, or an asset-based fee of 0.15% of total assets, not including the value of your primary residence) The fee is negotiable depending upon the complexity and scope of the services to be provided. Annual retainer fees are billed and payable quarterly in advance. If the services are terminated at any time in the middle of a quarter for which the fee has been paid in advance, you will receive a pro-rata refund of the fee paid for the period of time following the termination of our services. In addition, an initial set-up fee is typically due upon execution of the financial planning agreement.

In certain circumstances, we may provide financial planning services on a one-time basis. In these cases, we will bill you part of the fee upon execution of the financial planning agreement and the remainder upon delivery of the written financial plan or service.

Under extraordinary circumstances, our fees may be than the fees stated above. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee. Under no circumstances will we charge you \$500 or more six months or more in advance for financial planning services.

You may terminate the financial planning agreement within five days of the date of acceptance without penalty. After the five-day period, either you or the firm may terminate the financial planning agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Retirement Plan Consulting Services**

The annual fee for retirement plan consulting services may be either a fixed fee or based on the value of plan assets. The annual fixed fee for our retirement plan consulting services ranges between \$5,000 and \$250,000 and is payable quarterly in advance. The annual asset-based fee for retirement plan services typically ranges from 0.10% to 0.50% of Plan Assets. In special circumstances, other fees and fee-paying arrangements may be negotiated. The amount of the fee is negotiable, and is determined on a case-by-case basis depending upon a number of factors including, but not limited to, the amount of work involved, the overall value of plan assets, the complexity of the plan, and your desired service requirements. The fee and services provided by us will be clearly defined in the retirement plan consulting agreement that you enter with us.

You may terminate the retirement plan consulting agreement within five days of the date of acceptance without penalty. After the five-day period, either you or us may terminate the retirement plan consulting agreement by providing 30 days' written notice to the other party. Clients will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

## Portfolio Management Services

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Advisory Fee</u>
First \$249,999.99	1.15%
Next \$750,000.00	0.95%
Next \$4,000,000.00	0.60%
Next \$5,000,000.00	0.45%
Over \$9,999,999.99	0.35%

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your assets managed by us on the last business day of the previous quarter or based on the last available value if a quarter-end value is not available at the time we calculate the fee for billing. Fees on initial investments and additional contributions made during a quarter are assessed pro rata in arrears in the month following the end of a quarter. This means that the advisory fee is payable in proportion to the number of days in the quarter for which your assets are managed. Fee refunds on partial withdrawals from your portfolio are assessed pro rata based on the number of days remaining in the quarter. These refunds on withdrawals are made in arrears, in the month following the end of each quarter, and are netted against any quarterly advisory fees charged at that time. Our advisory fee may be negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members to calculate the applicable advisory fee. For example, we may combine values of tax-advantaged, taxable, individual and joint accounts. Combining account values, a practice commonly known as “householding”, increases the asset total used for billing purposes, which may result in a reduced advisory fee based on achieving breakpoints in our fee schedule stated above.

Under certain circumstances, you may pay fees in excess of those listed in the table above. In all cases, fees and fee-paying arrangements are negotiated on a case-by-case basis and are clearly detailed in the investment advisory agreement which all clients are required to enter into with us.

Generally, we will deduct our fee directly from your accounts through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your accounts. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. It is your responsibility to review all statements for accuracy on a timely basis and advise us of any inaccuracies or discrepancies.

We may, in certain circumstances, send you an invoice for the payment of our advisory fee. You may terminate the portfolio management agreement within five days of the date of acceptance without penalty. After the five-day period, either you or the firm may terminate the portfolio management agreement by providing 30 days' written notice to the other party. You may incur a pro-rata charge for services rendered prior to the termination of the agreement, including for services rendered during the 30-day notice period. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees, provided we can refund those fees directly into your account held at the qualified custodian at which we were managing your assets.

## **Selection of Separate Account Managers (SAMs)**

The assets managed by SAMs are included for purposes of calculating our portfolio management fees as stated above. We do not share in the advisory fee you pay directly to the SAM. Advisory fees that you pay to the SAM are established and payable in accordance with the disclosure brochure or other equivalent disclosure document provided by each SAM with whom you establish an account. In addition, if the investment program recommended to you is a wrap fee program, you will also receive a wrap fee brochure provided by the sponsor of the program. The SAM's fees may or may not be negotiable. Where fees are negotiable, we may assist you in possibly negotiating a reduced fee. The fees charged by each SAM may differ depending upon the individual agreement that we have with each SAM. Therefore, we may have an incentive and therefore a conflict of interest in recommending one SAM over another SAM with whom our firm has less favorable fee arrangements. You should review the recommended SAM's brochure for information on their fees and services. When we refer you to a SAM, we will provide you with all appropriate disclosure statements, including disclosure of fees paid to us, our investment adviser representatives and the SAM.

In addition to our advisory agreement, you may be required to enter into a separate Investment Advisory Agreement directly with the SAM or a wrap fee program sponsor, such as Schwab. You, us, Schwab or the SAM, in accordance with the provisions of such agreements may terminate the advisory relationship. Refunds of fees will be in accordance with the applicable refund policy as set forth in the agreement with each SAM or wrap fee program sponsor. If the SAM or wrap-fee program sponsor is compensated in advance, you will receive a pro rata refund of any prepaid advisory fees upon termination of an advisory agreement if it occurs during a calendar quarter for which the fee has already been paid.

## **Additional Fees and Expenses**

The advice we offer may involve investment in "packaged products" including, but not limited to, mutual funds, variable insurance and annuity products, exchange traded funds and notes, 529 plans, interests in partnerships, etc. Please be advised that the fees you pay our firm for investment advisory services are separate and distinct from the fees and expenses charged by packaged products to their shareholders. The fees for mutual funds and other packaged products are described in each fund's prospectus or equivalent disclosure document. These fees will generally include a management fee and other operating expenses. Further, there may be transaction charges involved with purchasing or selling of securities. When suitable, we generally recommend no load or load-waived mutual funds for portfolio management clients. We do not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding your funds or securities. You should review all fees charged by mutual funds and other packaged products, our firm and others to understand fully the total amount of fees you will pay.

## **Compensation for the Sale of Securities or Other Investment Products**

See description in Item 14, below.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, you may request or we may recommend that you withdraw the assets from your employer's retirement plan ("Plan") and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. There are many factors to consider when deciding whether or not to complete a rollover of Plan assets to an IRA, including but not limited to tax-related issues, availability of investment options, total costs, including any termination fees or back-end fees or commissions, access to professional investment management, liquidity, and

protection from creditors. You may wish to discuss these items with a CPA or tax attorney. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in your agreement with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation to us rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Prior to proceeding, if you have any questions you should contact your Investment Adviser Representative or call our main number listed on the cover page of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Advisory Business" section above and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We intend to offer investment advisory services to individuals, retirement and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000 of client assets to establish a portfolio management services relationship. At our discretion, we may waive this minimum. For example, we may waive the minimum if you appear to have significant potential for increasing assets under our management. We may also combine account values for you and your children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum. One or more of our Investment Adviser Representatives (IAR) may require a higher minimum amount of assets in order to establish and maintain a portfolio management services relationship with that IAR.

For our clients participating in a Separate Account Manager (SAM) program, generally, a minimum of \$100,000 is required to open and maintain an equity investment style account, and \$500,000 for a fixed income investment style account. Certain SAMs may have higher minimums.

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

### **Our Methods of Analysis and Investment Strategies**

In the course of delivering portfolio management services to you, we may use one or more of the following methods of analysis or strategies when designing recommended portfolios:

- Historical Performance Analysis – involves the gathering and analyzing of historical performance results for a particular security, strategy or category of securities, typically referred to as an asset class. This information is analyzed using mathematical equations to identify the historical risk and return performance and the potential attractiveness of a potential investment. The risk of relying upon historical performance analysis is that the future performance of an investment may be very different from its historical performance.
- Diversification and Correlation Analysis – involves the analysis of the historical performance

relationship between two or more securities, strategies, or asset classes. This analysis is based on complex mathematical equations and is used in an attempt to identify combinations of potential investments that offer improved risk/reward profiles compared to individual investments. The risk of employing this type of analysis is that the future relationships between different investments may be very different than the historical relationships, and that relationships can change very quickly. Portfolios may not benefit from anticipated diversification benefits, especially during short-term periods of turmoil in the capital markets.

- Valuation Analysis – involves monitoring the absolute and relative valuations of a potential investment. We may monitor the current valuation of an investment relative to its historical average valuation as well as relative to the valuations of other investments or categories of investments over various time periods. We use this information and analysis to help us identify intermediate-term tactical opportunities to overweight or underweight certain investments that we believe may be temporarily undervalued or overvalued. The risks of using this approach are that markets may change, and historical valuation levels or relationships may be less relevant. Additionally, although they may ultimately be relevant and our valuation analysis may be correct, it may take an extensive period of time for these valuation discrepancies to be corrected in the capital markets.
- Expected Return Forecasting – involves the development of return, risk and correlation forecasts for categories of investments. We typically obtain these forecasts from a variety of trusted third-party research providers so as not to rely upon a single forecast. Amongst other factors, forecasts will typically consider valuations, the current level and anticipated direction of interest rates, as well as corporate earnings for broad stock market averages. We emphasize an intermediate to long-term time horizon when employing this analysis. We use this analysis in our financial planning process and to make tactical intermediate-term adjustments to our asset allocation models. The risk of using this approach is that we may recommend portfolio adjustments based on return expectations that are not realized.
- Technical Analysis – involves studying price patterns in the financial markets to identify market situations that suggest a trend in the price, either up or down, of a particular investment is likely to continue or reverse. The risk of making investment decisions based on technical analysis is that this analysis may not accurately predict future price movements. Additionally, periods of short-term volatility can cause technical analysis to generate frequent buy/sell signals, increasing portfolio turnover and potentially hurting returns.
- Cyclical Analysis – a type of analysis that involves evaluating recurring price patterns and trends in various economic/business cycles. We use this analysis to help us identify opportunities to over or underweight investments that are expected to perform differently at different points in an economic/business cycle. The risk of this approach is that these cycles may not be predictable in duration or turning points and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore investment decisions based on cyclical analysis may not be profitable.
- Long Term Investing – involves making investments with the expectation that those investments will provide a satisfactory return over a relatively long period of time, generally greater than five to seven years. The risks of relying solely on a long-term investing approach are that short-term volatility may be excessive, you may miss short or intermediate-term opportunities, and that long-term returns may not meet your expectations.
- Intermediate-Term Investing – involves making investments with the expectation that those investments will provide a satisfactory result over a two to five-year period. Our recommendations for tactical portfolio changes are generally made with an intermediate-term time horizon. The risk of intermediate-term investing is that you may be incorrect in your analysis, and that an intermediate-term focus may subject a portfolio to increased turnover, potentially hurting returns.
- Short Term Investing – involves the purchase of an investment with the expectation that it will

be sold within a relatively short period of time, generally less than one to two years, to take advantage of the securities' short-term price fluctuations. We generally do not recommend short-term investing, but we may do so from time to time under unusual market circumstances. The risk of short-term investing is that markets may move quickly in a direction opposite of your short-term expectations, and that you may subject a portfolio to increased turnover and expenses, which may reduce returns.

- **Margin Transactions** – are securities transactions in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them. We generally do not recommend margin transactions. However, we may explain to clients that it may be available to them from their qualified custodian if they wish to utilize it.

We may recommend short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives, tolerance for risk and our assessment of current market conditions.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine what investments and allocation to recommend to you based upon your defined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, tax situation, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. We generally strive to balance the potentially conflicting goals of achieving proper portfolio diversification, limiting unnecessary expenses, and maximizing your after-tax return. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investment of your assets.

As a result of revised IRS regulations, custodians and broker-dealers began reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO ("First In First Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to us immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate your portfolio from losses due to market corrections or declines. We do not offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. There are many other risks to investing in addition to the risk of loss. The risk of losing the value of your money to the long-term effects of inflation is one of the primary risks of investing too conservatively. It is important to us that

you understand the wide variety of risks and tradeoffs of various investment strategies.

## **Recommendation and Use of Particular Types of Securities**

As disclosed under the “Advisory Business” section in this Brochure, we primarily recommend and/or invest client assets in mutual funds, exchange traded funds, exchange traded notes, interval funds, and third-party equity and bond SMAs. Our process for identifying which investments to use or recommend to you involves both quantitative and qualitative analysis, typically involving a combination of third-party and proprietary research. Since each client has different needs and different tolerance for risk, we may recommend other types of investments as appropriate for you. Each type of security has its own unique set of risks associated with it and it is not possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, typically the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds and exchange traded funds (“ETFs”) are collective investment vehicles that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. Open and closed end mutual funds have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) or derivatives to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like a stock and their price can fluctuate throughout the day. Exchange traded notes (ETNs) are similar to ETFs but different in that they are debt instruments and therefore subject to the credit risk of the underlying issuer. The returns on mutual funds, ETFs, and ETNs can be reduced by the costs to manage the funds. Also, while some mutual funds are “no load” and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

## **Selection of Third-Party Managers**

We may recommend the use of both third-party advisers and/or sub-advisers (collectively SAM as described above) for a portion of client assets if applicable, based on each clients’ total portfolio size, taxability, diversification requirements, and the availability and cost of various strategies. These accounts are reviewed as part of the normal course of each client's review. From time to time we may also review collectively all the accounts that we have with a SAM.

## **Item 9 Disciplinary Information**

Neither the firm nor any management person has been subject to a disciplinary or legal event that would be material to a client or prospective client’s evaluation of the company or its personnel.

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

46 Peaks LLC is independently owned and operated and has no other financial industry affiliations.

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

### **Description of Our 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 Associated Persons. Our goal is always to protect your interests and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All our Associated Persons are required to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who reviews these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Louis Fancher at (215) 497-8310.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we can trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We are not a qualified custodian or a broker/dealer and do not have custody of our clients’ funds or securities. We recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we recommend that you use Schwab as a custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you without your consent or participation in the account opening process, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we may decide not to manage your account. Even though your account is maintained at Schwab, we and certain SAMs can still use other brokers to execute trades for your account as described below (see “*Your Brokerage and Custody Costs*”).

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services.
- Capability to execute, clear, and settle trades (buy and sell securities for your account).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, alternative investments, Separately Managed Accounts, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services• Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.).
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Availability of other products and services, including lending, trust, and banking services.

### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay to Schwab as the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

### **Products and services available to us from Schwab**

Schwab Advisor Services™ provides us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you** - Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which you might not otherwise have access or that would require a significantly higher minimum initial investment if not accessed through our relationship with Schwab. Schwab's services described in this paragraph generally benefit you and your account.

**Services that may not directly benefit you** - Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services that generally benefit only us** - Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. This creates an incentive for us to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients because it is one of the premiere providers of investment adviser services in the industry. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **Brokerage for Client Referrals**

We do not plan to receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through the brokers that we recommend. However, if you do not use Schwab or another approved custodian, we may not be able to accept your account. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block/Rotational Trades**

For discretionary accounts, we may, but are not required to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts which could present a conflict of interest; however, they will not be given preferential treatment.

We may combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. In addition, for transactions in discretionary accounts which are not block traded, client accounts will be traded on a rotational basis utilizing factors including varying alphabetical sequencing to equitably vary the sequence of account trading. Clients may receive different prices for the same securities based on such rotation.

Non-discretionary accounts and discretionary accounts that are not block traded may pay different costs than discretionary accounts which are block traded. In addition, if you enter into non-discretionary arrangements with our firm and/or for discretionary accounts that are not block traded, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements which are included in block trades.

In addition, discretionary account transactions will usually be placed prior to non-discretionary accounts and therefore non-discretionary accounts may receive prices which are not as favorable as discretionary accounts.

## **Item 13 Review of Accounts**

Your assigned Investment Adviser Representative or another member of our investment team will conduct account reviews at least annually to evaluate whether your portfolio on which we are providing portfolio management services is consistent with your stated investment objectives and our recommended strategies at the time of review. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We may provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s). You are strongly urged to review your trade confirmations and account statements on a timely basis and immediately inform us of any inaccuracies or discrepancies.

### *Financial Planning Services Only*

If you engage us for ongoing financial planning services, your assigned Investment Adviser

Representative will review elements of your financial plan as needed, depending on the arrangements made with you at the inception of your advisory relationship, as detailed in the financial planning agreement, to ensure that the planning recommendations made to you are consistent with your current financial needs and objectives. Your assigned Investment Advisor Representative may receive technical assistance from other firm personnel who may or may not participate in meetings with you. Generally, we will contact you at least twice a year to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and/or disability, among others. Where warranted, we will provide you with updates to the financial plan. We recommend meeting with you at least twice each year to review the different components of your financial plan and to update your plan if needed. Additional reviews may be conducted upon your request. If your financial plan was part of a one-time service, reviews and updates will be subject to our then current rates.

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

Please refer to the “Brokerage Practices” section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

We strive to maintain objectivity and independence in providing services to clients and consistent with our fiduciary duty. Our Associated Persons are encouraged to avoid receiving economic benefits from non-clients. However, in some circumstances, we and/or our IARs may receive economic benefits from a non-client, including money managers and financial product providers. These benefits may include, but are not limited to: research, analytic services, support for marketing programs such as seminars, support for professional development and conferences, reimbursement for meals and travel expenses, tickets to entertainment events, and gifts of limited value. While the receipt of certain benefits may help us provide services to clients, the receipt of additional compensation may also create a conflict of interest for our firm and/or our IARs. We utilize these third parties based on an overall qualitative evaluation of the third party and not solely because of economic benefits we may receive.

We directly compensate third party consultants and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this disclosure brochure along with the Solicitor's Disclosure Statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest for the solicitor; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We recommend that you ask our Solicitors to disclose to you whether multiple referral relationships exist and whether comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

We may have arrangements with certain associated persons (Investment Adviser Representatives), under which they receive compensation from our firm for the establishment of and/or servicing of client relationships. Investment Adviser Representatives who refer clients to our firm or provide ongoing

service to clients must comply with the requirements of the jurisdictions where they operate. The compensation for referrals and service is typically based on a percentage of the advisory fees and/or the total market value of assets managed under the investment advisory agreement, until such agreement is terminated. You will not be charged additional fees based on this compensation arrangement. Such compensation paid to Investment Adviser Representatives is contingent upon you entering into an advisory agreement with our firm. Therefore, these associated persons have a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Certain of our affiliated individuals possess or in the past have possessed either life and health insurance agent licenses or have been affiliated with registered broker/dealers as registered representatives, or both. In certain cases, we will recommend to our clients to invest in certain insurance and/or annuity products through these former relationships. We do not intend that we or our Investment Adviser Representatives will receive any remuneration or compensation of any type for making such referrals. In the event that any additional compensation may be earned by us as a result of these referrals, that would create a conflict of interest, the details of which will be disclosed to the affected clients.

## **Item 15 Custody**

We may direct your account custodian to debit your account(s) for the payment of our advisory fees, which you will be required to authorize in writing within your customer agreement with us. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We avoid taking physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you do not receive a statement from your custodian, please contact Louis Fancher at (215) 497-8310.

### **Standing Letters of Authorization**

Some of our clients want us to be able to help them send money from their accounts held at a qualified custodian to specific third parties upon their request. Examples of these situations include to pay their Life Insurance Premiums or to pay estimated taxes to government authorities. In order to accommodate these client requests, custodians require our clients to complete what are known as third party Standing Letters of Authorization ("SLOA"). Through a SLOA, a client grants 46 Peaks LLC the authority to direct custodians to disburse funds to one or more third party accounts without obtaining written client authorization for each transfer. When a client provides this authorization to us via a SLOA, we are deemed to have limited custody. However, we are not required to comply with the surprise examination requirement of the Custody Rule if we are otherwise in compliance with the seven representations noted in the no-action letter issued by the SEC on February 21, 2017, (the "SEC no-action letter"). Pursuant to Rule 206(4)-2 (the "Custody Rule"), we have taken steps to have controls and oversight in place to meet the requirements outlined in the SEC no-action letter. Where we act pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC's no-action letter. Additionally, since many of those representations are satisfied by the qualified third-party custodian's operations, we will collaborate closely with our custodians to ensure that the representations are being met. We only accept account-specific SLOAs. We do not accept broad non-account-specific SLOAs.

## **Item 16 Investment Discretion**

For discretionary accounts, before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, and the appropriate authorization forms that your Custodian may require.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each specific transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to Item 4 above, for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

In the case of the selection of Separate Account Managers (“SAM”), before we can, on your behalf, hire or fire SAMs) without your prior approval, you must first sign our discretionary management agreement and any applicable authorization forms that your Custodian may require.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$500 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State-Registered Advisers**

This Item is not applicable as we are a federally registered investment adviser.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as money managers, transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and your confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, provide a service, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Louis Fancher at (215) 497-8310, if you have any questions regarding this policy.

### **Trade Errors**

From time-to-time we may make an error in submitting a trade order on a client's behalf. In these situations, we generally seek to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. Our clients will not benefit from trade errors or retain gains generated from trade errors. They are not required to sign letters of authorization to release gains to Schwab. Generally, if related trade errors result in both gains and losses in a client's accounts, they may be netted.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.