OBSIDIANT PARTNERS LLC

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Carmel, IN 46032
317-414-5083

October 4, 2024 Brochure

This brochure ("Brochure") provides information about the qualifications and business practices of Obsidiant Partners LLC (the "Adviser"). If you have any questions about the contents of this Brochure, please contact the Adviser at 317-414-5083 or H. Allen Wright, Jr., Chief Executive Officer and Compliance Officer, at allen@obsidiantpartners.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state authority.

Additional information about the Adviser also is available on the SEC's website at www.AdviserInfo.sec.gov

Item 2 – Material Changes

This Brochure is a document which the Adviser provides to its clients as required by applicable state and federal rules. Below is a summary of material changes to information previously disclosed in this Brochure.

Item 4 -*Advisory Business* and Item 5 – *Fees* have been expanded to describe financial planning and consulting services offered and fees for these services.

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Item 4 – Advisory Business

General Information

Obsidiant Partners, LLC was formed as Indiana limited liability company in June 2024. H. Allen Wright, Jr. serves as Chief Executive Officer and Chief Compliance Officer of the Adviser, and Matthew B. Murphy serves as Chief Financial Officer of the Adviser, and they own the voting equity interests of the Adviser.

Advisory Services

The Adviser provides discretionary portfolio management as well as financial planning services to high net worth individuals, corporations, retirement and pension plans and participants, and other entities.

At the outset of each client relationship, the Adviser spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, tolerance for risk, and broadly identifying major goals of the client. Based on its reviews, the Adviser generally develops with each client the client's Personal Investment Plan or Investment Policy Statement (each a "Plan") that outlines the client's financial circumstances, present needs, near-term and long-term goals, and the client's tolerance for risk, as well as the client's investment objectives and guidelines.

The Plan is a reflection of the client's current financial picture and a look to the future goals of the client. The Plan outlines the types of investments to be made on behalf of the client, and generally includes investment management strategies designed to achieve the client's near-term and long-term goals while seeking to manage the influence of risk on the client's portfolio. The elements of the Plan are discussed periodically with the client, but the Plan may not be a written document.

Portfolio Management

As described above, the Adviser will develop a Plan with each portfolio management client. The Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by the Adviser based on updates to the client's financial or other circumstances.

To implement the client's Plan, the Adviser will manage the client's investment portfolio on a discretionary basis pursuant to an investment advisory agreement with the client. As a discretionary investment adviser, the Adviser will have the authority to supervise and direct the portfolio without prior consultation with the client.

Clients may impose certain restrictions on the management of their investment portfolios in the Plan, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that the client's investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of the Adviser.

Financial Planning

Adviser's financial planning services include:

• Development of Personal Investment Plan
• Plan updates and Revisions
• Asset Allocation
• Custom Portfolio Creation
• Performance Reporting

Adviser provides wholistic financial planning services to help clients evaluate their current income, financial condition, and spending by using current known variables and the client's financial goals to assess potential future income, asset values, and withdrawal plans. Adviser will work with the client to understand and identify his or her current financial situation and specific goals. The Adviser then analyzes the current course of action and potential alternative courses of action to develop an appropriate and mutually agreed upon financial plan. Throughout the relationship, Adviser will monitor the financial plan, updating it as necessary. As part of its financial planning services, Adviser may provide clients advice on various subjects including: education savings, debt management, funding retirement plans, estate planning concepts, charitable giving, business exit strategies, and other relevant subjects.

Consulting Services

The Adviser will provide non-discretionary, investment consulting services as requested by clients from time to time, including small businesses and not-for-profit organizations. Consulting services include advice related to cash flow management, capital structure, and improving operational efficiency. Adviser offers any of the above financial planning services individually or in a group as part of a consulting relationship. For instance, Adviser can provide assistance with preparing a client's Investment Policy Statement, Investment Manager Monitoring, and Performance Reporting. Adviser can contract to provide any and all of these services according to the needs of the client. Consulting services for companies include advice related to cash flow management, capital structure, and improving operational efficiency. Clients who engage the Adviser for consulting services are not obligated, contractually or otherwise, to engage the Adviser or Sub-Adviser for portfolio management services. Clients will be solely responsible for implementing non-discretionary recommendations by the Adviser.

Engagement of Sub-Adviser for Individuals, Entities and Individual Retirement Accounts.

Clients grant authority to the Adviser to delegate its discretionary authority to an investment sub-adviser. The Adviser has entered into an Investment Sub-Advisory Agreement with Goelzer Investment Management, Inc. (the "Sub-Adviser"), an independent investment adviser registered with the Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Pursuant to this Agreement, the Adviser delegates discretionary investment management authority for certain of the Adviser's clients to the Sub-Adviser. The Sub-Adviser is responsible for the investment and reinvestment of clients' cash and securities (the "Assets") held in the client's custodial account (the "Account"), subject to ongoing supervision by the Adviser.

With respect to certain clients' accounts, the Adviser has delegated to the Sub-Adviser, all of its powers with regard to the investment and reinvestment of clients' Assets with full authority to buy, sell, or otherwise effect investment transactions involving the Assets in the client's name and for the client's account. Subject to the written Account investment objective(s), guidelines, and/or reasonable restrictions imposed by the Client and accepted by the Sub-Adviser in writing, the Sub-Adviser is authorized, without prior consultation with the Adviser or the client, to buy, sell, trade and/or allocate the Assets in and/or among stocks, bonds, mutual funds, unaffiliated separate account sub-advisers, and other securities and/or contracts relating to the same, on margin (only if written authorization has been granted by the client) or otherwise, and to give instructions in furtherance of such authority to the Client's custodial broker-dealer.

The Sub-Adviser will maintain day-to-day discretionary management authority for the assets allocated to it by the Adviser. At all times, the Adviser shall maintain both the initial and ongoing day-to-day relationship with each client, including initial and ongoing determination of client suitability for the Sub-Adviser's investment strategies. There can be no assurance that the Sub-Adviser's services will be profitable for the client's account. The Sub-Adviser's is responsible for managing the Assets held in a client's custodial account, consistent with the objective and/or strategy designated by the Advisor, according to the terms of the Investment Advisory Agreement between the Adviser and the client and the client's Plan. Clients will be provided with a copy of the Sub-Adviser's Form ADV Part 2A Summary Brochure.

The Adviser may engage the Sub-Adviser to provide clients with discretionary investment advisory services using the Sub-Adviser's Equity, Fixed Income and Liquid Non-Traditional Strategies as described below.

<u>Type and Value of Assets Currently Managed</u>
As of the date of this Brochure, the Adviser recently commenced operations and had no assets under management.

Item 5 - Fees and Compensation

<u>General Fee Information</u>
Investment advisory fees are exclusive of all custodial and transaction costs paid to the client's custodian, brokers, or other third-party service providers. Please see *Item 12 – Brokerage Practices* for additional information.

Investment advisory fees are also separate and distinct from the internal fees and expenses charged by mutual funds, exchange traded funds ("ETFs") or other investment funds to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus), fees for trades executed away from the custodian, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. The client should review the investment advisory fee and all other fees charged by Client's custodian, investment funds in which the Assets are invested, commissions and transaction costs charged by executing brokers, and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Advisory and Sub-Advisory Fee Schedule
For Accounts where the Sub-Adviser is engaged, the Adviser and the Sub-Adviser will charge a combined management fee to advisory clients pursuant to the fee schedule below. The annual fee for

investment advisory and portfolio management services provided by the Adviser and the Sub-Adviser, based on a percentage of client's Assets under management, is as follows:

Standard Institutional Advisory Fee Schedule

0.70% on the total market value up to $2,000,000;
0.60% on the total market value from $2,000,001 up to $4,000,000;
0.40% on the total market value on the balance over $4,000,000.

Minimum Annual fee of $20,000

The fee will be divided into quarterly installments based on the market value of the portfolio at the end of the preceding quarter, payable in advance as of March 31st, June 30th, September 30th, and December 31st.

Standard Private Client Fee Schedule

1.00% on the total market value up to $2,000,000;
0.75% on the total market value from $2,000,001 up to $4,000,000;
0.50% on the total market value on the balance over $4,000,000.

Minimum Annual fee of $6,000

The fee will be divided into quarterly installments based on the market value of the portfolio at the end of the preceding quarter, payable in advance as of March 31st, June 30th, September 30th, and December 31st.

Advisory fees are generally payable quarterly, in advance. In the event that a new account is established, or if funds are deposited or withdrawn from an account during the quarter, the investment advisory fee will be calculated for the period as of the date that the account is funded, or as of the date of the subsequent deposit or withdrawal.

Advisory fees and minimum annual fees may be negotiated and/or could change at the Adviser's, based on a variety of factors including: the number of accounts being managed; Adviser's ability to be competitive with fees charged by other advisory firms; anticipated future deposits or new accounts, and pre-existing relationships, among other factors.
The percentage of fees allocated between Adviser and any Sub-Adviser could change over time.

Fees for Financial Planning and Consulting Services

Clients may elect to pay an asset-based fee, hourly fee or negotiated fee as describe below for financial planning and consulting services. The Adviser and any Sub-Adviser will charge a combined fee, calculated according to the method selected by Client below:

Asset-Based Consulting Fee:

$2,000 minimum flat fee
0.50% of assets under advisement for the first $1 million
0.30% of assets under advisement up to $5 million
0.10% of assets under advisement that are greater than $5 million.

Hourly Fee: $300 per hour

Negotiated Fee: Negotiated fees are generally based on the value of the client's assets and the complexity of the client's financial situation and/or or scope of consulting services. At the end of the engagement, if appropriate, the client could elect to enter into an investment advisory agreement with Adviser to provide ongoing investment management services.

The above Fees do not include management fees and expenses of mutual funds and ETFs, or any brokerage commissions or transaction fees, custodial or recordkeeping fees or other expenses or taxes incurred by Client. The percentage of fees allocated between Adviser and any Sub-Adviser could change over time.

Investment Advisory Agreements

Either the Adviser or the client may terminate an Investment Advisory Agreement upon 30 days' written notice. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due from the client will be invoiced or deducted from the client's account prior to termination.

Subject to client authorization, the Sub-Adviser typically calculates and collects the total management fee payable by clients from the clients' custodial accounts. The Sub-Adviser will then deduct its portion of the total quarterly management fee revenues and remit the remaining amount to the Adviser. The percentages of revenues allocated between the Sub-Adviser and the Adviser may change over time.

The Adviser will provide written notice to each client regarding any changes to fees charged and client will be deemed to consent to the revised fee schedule absent written notice of termination by client within thirty (30) days from the date of such notice.

No Outside Compensation

Neither the Adviser nor any supervised person of the Adviser accepts any commissions, 12b-1 fees or shareholder services fees for the sale of securities or investment products.

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

The Adviser does not charge any performance-based fees, nor does it manage any accounts that are billed based on a percentage of assets under management on a "side-by-side" basis with other accounts for which fees are assessed on a performance fee basis.

Item 7 - Types of Clients

The Adviser offers to provide discretionary investment management services to high net worth individuals, institutions, including pension and profit-sharing plans, foundations, and endowments, primary, educational institutions, corporate accounts, and other institutional accounts. The Adviser generally requires a minimum annual fee of $20,000 for corporate accounts and $6,000 for individual accounts. However, the Adviser may, on a case-by-case basis, negotiate minimum fees.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The Adviser reviews each client's Plan and develops a customized investment strategy for each client with the Sub-Adviser. The primary vehicles for investment recommended by the Adviser and the Sub-Adviser include core equity strategies, fixed income strategies that include government, agency, corporate, and municipal fixed income securities, mutual funds, ETFs and interval funds, as well as liquid alternative investments available to accredited investors.

Core Equity Strategy. The client will grant the Adviser authority to delegate its investment discretion to the Sub-Adviser to select individual stocks for clients' accounts. The Sub-Adviser's Core Equity Strategy involves constructing equity portfolios that include large-cap, mid-cap and small-cap companies, as well as dividend-focused companies, manage against an appropriate securities index as the benchmark. Equity holdings may include American Depository Receipts (ADRs) of foreign companies that are denominated in U.S. dollars.

Fixed Income Strategy. The client will grant the Adviser authority to delegate its investment discretion to the Sub-Adviser to select individual corporate, government/agency, and municipal bonds. Additionally, fixed income-oriented ETFs and/or mutual funds may be used to attain fixed-income exposure. Selected investments will be primarily investment grade, with split-rated at a minimum. Where appropriate, below investment grade ("high yield") exposure will be obtained through ETFs, mutual funds, or outside managers.

Liquid Non-Traditional Strategy. The client will grant the Adviser authority to delegate its investment discretion to the Sub-Adviser to select closed end interval funds and other liquid alternatives, which may be restricted securities and/or available only to accredited investors who will be required to sign subscription agreements with these funds.

In selecting investments for an individual account in accordance with the client's Plan, the Adviser or the Sub-Adviser could use any of the following types of analysis or a blend of these types of analysis:

> **Fundamental Analysis** – involves review of the business and financial information about an issuer.
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> Investment vehicles are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, portfolio management team philosophy, investment selection process, past adherence to stated process, past performance, internal fee structure, strength and reputation of fund sponsor, overall ratings for safety and returns, portfolio sub-adviser, consistency of performance, and other factors.
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> **Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific asset types.

Cyclical Analysis – involves evaluating recurring price patterns and trends.

Investment Strategies

The strategic approach of the Adviser and Sub-Adviser is to invest each client's Account in one or more portfolios managed by the Sub-Adviser in accordance with Modern Portfolio Theory. Modern portfolio theory is the basis for designing investment portfolios intended to minimize market risk while maximizing return. The Sub-Adviser designs model portfolios that consist of appropriate investment vehicles allocated among various asset classes that are not correlated, in order to balance the risk offered by each asset class. Since it can be difficult to forecast or predict future investment returns, Modern Portfolio Theory instead focuses on long-term, historical returns to approximate how various asset classes might perform in the future. On behalf of each client, the Adviser selects among different asset allocation models that are managed by the Sub-Adviser with varying levels of risk and expected returns.

Risk of Loss

While the Adviser and the Sub-Adviser will seek to diversify clients' assets among investment portfolios comprised of investment vehicles across various asset classes consistent with the client's Plan in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that clients' investment portfolios face.

Management Risks. While the Adviser manages client investment portfolios or utilizes the Sub-Adviser based on the Sub-Adviser's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that the Adviser or the Sub-Adviser allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that the Adviser's or the Sub-Adviser's specific investment choices could underperform their relevant indexes.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While the Adviser or the Sub-Adviser performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of the Adviser or the Sub-Adviser and no assurances can be given that the Adviser or the Sub-Adviser will anticipate adverse developments.

Risks of Investments in Mutual Funds, ETFs, and Other Investment Funds. As described above, the Adviser or the Sub-Adviser could invest client portfolios in mutual funds, ETFs, real estate investment trusts and other investment funds. Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular investment managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.

Risks Related to Alternative Investments. From time to time and as appropriate, the Adviser and the Sub-Adviser could invest a portion of a client's portfolio in mutual funds or ETFs that invest in alternative assets, such as options, futures, or other derivatives; real estate; commodities or structured products. The value of client portfolios will be based in part on the value of alternative investment funds in which they are invested, the success of each of which will depend heavily upon the efforts of their respective investment managers. When the investment objectives and strategies of an investment management are out of favor in the market or an investment manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the investment manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the investment managers make unsuccessful investment decisions at the same time.

Equity Market Risks. The Adviser and the Sub-Adviser will generally invest a portion of client assets into equity mutual funds and ETFs that invest in the stock market. As noted above, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (*e.g.*, bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Small and Mid-Cap Securities Risks. Small cap corporations typically have market capitalizations between $250 million and $2 billion, while mid cap corporation typically have market capitalizations between $2 and $10 billion. These smaller companies typically have fewer publicly-traded shares than large cap corporations over $10 billion. These stocks may be thinly traded and it may take longer for their transactions to finalize. There may be less public information to analyze about these companies. Small and mid-cap stocks tend to be more volatile and riskier investments.

Fixed Income Risks. The Adviser and the Sub-Adviser could invest portions of client assets into fixed income mutual funds and ETFs that invest in bonds and notes. While investing in fixed income instruments, through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

High Yield Securities Risks. Compared to investment grade bonds, high yield bonds are more volatile with higher default risk among issuers. In times of economic stress, defaults may spike, making the asset class more sensitive to the economic outlook than other sectors of the bond market.

Derivatives and Structured Products Risks. The Adviser and the Sub-Adviser could invest portions of client assets into mutual funds or ETFs that invest in derivatives or other structured products, which are potentially high-risk derivatives. For example, a structured product may combine a traditional stock, bond, or commodity with an option or forward contract. Generally, the principal amount, amount payable upon maturity or redemption, or interest rate of a structured product is tied to the price of some commodity, currency or securities index or another interest rate or some other economic factor. The interest rate or the principal amount payable at maturity of a structured product may be increased or decreased, depending on changes in the value of the benchmark. Holders of structured products bear risks of the underlying investments, index or reference obligation and are subject to credit, counterparty, debt, and interest rate risks. Also, certain structured products may be thinly traded or have a limited trading market.

Foreign Securities Risks. The Adviser and the Sub-Adviser could invest portions of client assets into ADRS and/or investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Emerging Markets Investments. The Adviser and the Sub-Adviser could invest portions of client assets into investment funds that invest in emerging market equity and fixed-income securities. Emerging market countries may include, among others, countries in Asia, Latin, Central and South America, Eastern Europe, the Middle East and Africa. In addition to the general risk of investing in foreign securities described above, investing in emerging markets can involve greater and more unique risks than those associated with investing in more developed markets. The securities markets of emerging countries are generally small, less developed, less liquid, and more volatile than securities markets of the United States and other developed markets. The risks of investing in emerging markets include greater social, political and economic uncertainties. Emerging market economics are often dependent upon a few commodities or natural resources that may be significantly adversely affected by volatile price movements against those commodities or natural resources. Emerging market countries may experience high levels of inflation and currency devaluation and have fewer potential buyers for investments. The securities markets and legal systems in emerging market countries may only be in a developmental stage and may provide few, or none, of the advantages and protections of markets or legal systems in more developed countries. Some of these countries may have in the past failed to recognize private property rights and have at times nationalized or expropriated the assets of private companies. Additionally, if settlements do not keep pace with the volume of securities transactions, they may be delayed, potentially causing a client's assets to be uninvested, to miss investment opportunities and potential returns, and/or to be unable to sell an investment. As a result of these various risks, investments in emerging markets are considered to be speculative and may be highly volatile.

Lack of Diversification. Certain mutual funds and ETFs included in clients' Accounts may not have a diversified portfolio of investments at any given time, or they could concentrate their investments in a particular asset class or sector. Clients' accounts could experience a substantial loss with respect to any particular investment in an undiversified or concentrated mutual fund or ETF.

Item 9 - Disciplinary Information

The Adviser has no disciplinary events required to be reported.

Item 10 - Other Financial Industry Activities and Affiliations

Neither the Adviser nor any of its management persons are registered or have an application pending to register as a broker-dealer, or as a registered representative of a broker-dealer.

Neither the Adviser nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trader advisor, or an associated person of the foregoing entities.

Matthew B. Murphy III is the founder and president of Emboss Partners, LLC ("Emboss Partners"). Emboss Partners provides consulting services to small businesses and not-for-profit organizations. Consulting services include advice related to cash flow management, capital structure, and improving operational efficiency. Clients of the Adviser are not obligated, contractually or otherwise, to use the services of Emboss Partners. Likewise, clients of Emboss Partners are not obligated, contractually or otherwise, to use the services of the Adviser. In order to protect client interests, all applicable fees will be disclosed to clients prior to the client engaging either Emboss Partners or the Adviser.

Mr. Murphy also serves on the board of directors of various local business and not-for-profit entities, including Lynx Capital Corp., Indiana Secondary Market for Education Loans, Inc. dba INvested, Indianapolis Public Schools Muti-Building Corporation and the Community Investment Fund of Indiana, Inc. Mr. Murphy also serves as a Director of Community First Bank of Indiana.

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

Code of Ethics and Personal Trading

The Adviser has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. The Adviser's Code has several goals. First, the Code is designed to assist the Adviser in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, as amended, the Adviser owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires Adviser associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

The Adviser's Code sets forth guidelines for professional standards for the Adviser's associated persons. Under the Code's Professional Standards, the Adviser expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Adviser associated persons are not to take inappropriate advantage of their positions in relation to Adviser clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, the Adviser's associated persons may invest in the same securities recommended to clients. This may create a conflict of interest because associated persons of the Adviser may invest in securities ahead of or to the exclusion of the Adviser clients. Under its Code, the Adviser has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, including generally disallowing trading by an associated person in any security within a proscribed period of time before any client account trades or considers trading the same security and the creation of a restricted securities list, reporting and review of personal trading activities and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions
As outlined above, the Adviser has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, the Adviser's goal is to place client interests first.

Consistent with the foregoing, the Adviser maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If an associated person wishes to participate in an IPO or invest in a private placement, the associated person must submit a pre-clearance request and obtain the approval of the Adviser's Chief Compliance Officer.

If associated persons trade with client accounts (*e.g.*, in a bundled or aggregated trade), and the trade is not filled in its entirety, the shares will be allocated among the accounts pro rata in accordance with the Adviser's or Sub-Adviser's written allocation policy.

Item 12 - Brokerage Practices

Best Execution and Benefits of Brokerage Selection
When given discretion to select the brokerage firm that will execute orders in client accounts, the Sub-Adviser will use its best efforts to seek "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. The Sub-Adviser may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of the Adviser's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

The Adviser and Sub-Adviser typically recommend that clients establish brokerage accounts with Fidelity Investments ("Fidelity"), an SEC-broker-dealer and member FINRA/SIPC, to maintain custody of clients' assets. Fidelity will hold client assets in a brokerage account and buy and sell securities when the Sub-Adviser instructs them to. The Sub-Adviser may effect trades for client accounts at Fidelity, or may in some instances, consistent with the Sub-Adviser's duty of best execution, elect to execute trades elsewhere. Although the Adviser may recommend that clients establish accounts at Fidelity, it is ultimately the client's decision where to custody assets. The Adviser does not open an account with Fidelity for clients, although the Adviser may assist clients in doing so. The Adviser is independently owned and operated and is not affiliated with Fidelity.

The Sub-Adviser recommends the brokerage services of Fidelity Institutional Wealth Services ("Fidelity"). Fidelity provides access to institutional trading and custody services. While there is no direct link between the investment advice the Sub-Adviser provides, and its use of Fidelity's brokerage services , the Sub-Adviser receive certain economic benefits from Fidelity . These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of advisory fees from its clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of the Adviser's or Sub-Adviser's accounts, including accounts not held at Fidelity. Fidelity may also make available to the Adviser and Sub-Adviser other services intended to help the Adviser and Sub-Adviser manage and further develop their businesses. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Fidelity may make available, arrange and/or pay for these types of services to be rendered to the Adviser or Sub-Adviser by independent third parties. Fidelity may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to the Adviser, and/or Fidelity may pay for travel expenses relating to participation in such training. Finally, Fidelity provides the Sub-Adviser with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through Fidelity do not necessarily depend upon the proportion of transactions directed to Fidelity. The benefits are received by the Adviser and the Sub-Adviser, in part because of commission revenue generated for Fidelity by the Adviser's clients. This means that the investment activity in client accounts is beneficial to the Adviser and the Sub-Adviser, because Fidelity does not assess a fee to them for these services. This creates an incentive for the Adviser to continue to recommend Fidelity to its clients. While it may be possible to obtain similar custodial, execution, and other services elsewhere at a lower cost, the Adviser believes that Fidelity provides an excellent combination of these services. These services are not soft dollar arrangements, but are part of the institutional platform offered by Fidelity. The Sub-Adviser currently does not engage in soft dollar arrangements.

<u>Directed Brokerage</u>
Clients typically direct the Adviser and Sub-Adviser to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangements that the Adviser and the Sub-Adviser have with Fidelity are designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing the Adviser or Sub-Adviser to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with the Adviser that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

<u>Aggregated Trade Policy</u>
The Adviser or Sub-Adviser may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades

permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows the Adviser or Sub-Adviser to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

The Adviser or Sub-Adviser will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and consistent with the terms of the Adviser's investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all the Adviser's or Sub-Adviser's transactions in a given security on a given business day, with transaction costs generally shared pro-rata based on each client's participation in the transaction. On occasion, owing to the size of a particular account's pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical. If an order is partially filled, it will generally be allocated pro-rata. The Adviser's or Sub-Adviser's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and the Adviser will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

Item 13 - Review of Accounts

Managed portfolios are reviewed periodically and may be reviewed if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by the Adviser. These factors may include, but are not limited to, the following: change in general client circumstances (*e.g.*, marriage, divorce, retirement); or economic, political or market conditions. One of the Adviser's investment adviser representatives or principals is responsible for reviewing all accounts.

A client's qualified custodian is responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. The Adviser will provide additional written reports as needed or requested by the client. Clients should carefully compare the statements that they receive from the Adviser against the statements that they receive from their account custodian(s).

Item 14 - Client Referrals and Other Compensation

As noted above, the Adviser may receive some benefits from Fidelity based on the amount of client assets held at Fidelity. Please see *Item 12 – Brokerage Practices* for more information. However, neither Fidelity nor any other party is paid to refer clients to the Adviser.

The Adviser does not currently receive an economic benefit from any person who is not a client for providing investment advice or other services. However, the Adviser may in the future refer clients to and receive client referrals from third parties, including the Sub-Adviser, in accordance with the SEC Marketing Rule (Rule 206(4)-1 of the Investment Advisers Act) and applicable state law.

Item 15 - Custody

Fidelity is expected to be the custodian of nearly all client accounts at the Adviser and the Sub-Adviser. From time to time however, clients have the ability to select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms, and at least quarterly account statements. Clients are advised to review this information carefully, and to notify the Adviser of any questions or concerns. Clients are also asked to promptly notify the Adviser if the custodian fails to provide statements on each account held.

From time to time and in accordance with the Adviser's investment advisory agreement with clients, the Adviser will provide additional reports. As mentioned above, the account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

The Adviser may be deemed to have constructive custody of its client accounts because the Adviser's portfolio management fees are normally debited directly from client account(s), unless other arrangements are made.

Item 16 - Investment Discretion

As described in ***Item 4 - Advisory Business***, the Adviser will accept clients on a discretionary basis. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client over the accounts under management, giving the Adviser or Sub-Adviser, as applicable, the authority to carry out various activities in the account, generally including the following: (i) trade execution; (ii) the ability to request checks on behalf of the client; and (iii) the withdrawal of advisory fees directly from the account. The Adviser or Sub-Adviser then directs investment of the client's portfolio using its delegated investment authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with the Adviser and the requirements of the client's custodian. The Adviser is authorized to delegate the LPOA to the Sub-Adviser under the Investment Advisory Agreement.

Item 17 - Voting Client Securities

As a policy and in accordance with each Client's investment advisory agreement, neither the Adviser nor the Sub-Adviser will vote proxies related to securities held in the Client's account. The custodian of the account will normally provide proxy materials directly to the Client, and Clients will be responsible for voting all proxies. Clients may contact the Adviser with questions relating to proxy procedures and proposals; however, the Adviser generally does not research particular proxy proposals.

Item 18 - Financial Information

The Adviser does not require nor solicit prepayment of more than $500 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item. In addition, the Adviser does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Item 19 - Requirements for State-Registered Advisers

Principal Executive Officer and Management Person
The Adviser's principal executive officer and management person responsible for providing investment advice is H. Allen Wright, Jr., Chief Executive Officer and Chief Compliance Officer of the Adviser, whose formal education and business background can be found in his Supplemental ADV Part 2B.

Other Businesses in Which the Adviser or its Personnel are Engaged
Mr. Wright has no other business activities.

Performance-Based Fees
The Adviser does not charge performance-based fees.

Material Disciplinary Disclosures for Management Persons
Neither the Adviser nor its principal executive officer has any reportable arbitration claims or civil, self-regulatory organization, or administrative proceedings.

Material Relationships with Issuers of Securities
Neither the Adviser nor its principal executive officer has any relationship or arrangement with any issuers of securities.