

# Rehmann Capital Advisory Group, LLC

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## Form ADV, Part 2A- ERISA Brochure Retirement Plan Advisory Services

Item 1- Cover Page

This ERISA brochure was last updated on March 15, 2024

This Brochure (the ERISA Brochure”) provides information about the qualifications and business practices of Rehmann Capital Advisory Group, LLC, which also does business as “Rehmann Financial” and “Rehmann Wealth” (“Rehmann”, “firm”, or “Advisor”). The ERISA Brochure provides information with regard to investment advisory and consulting services delivered to retirement plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

If you have any questions about the contents of this Brochure, please contact us at (517) 316-2400 or [nicole.spitzley@rehmann.com](mailto:nicole.spitzley@rehmann.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Rehmann Capital Advisory Group, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Rehmann Capital Advisory Group, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2- Material Changes**

Our ERISA Brochure has been specifically prepared to provide information about our ERISA plan advisory and consulting services (“Services”). It differs substantially from prior brochures in that (i) it is in a new format, (ii) is limited to information about our ERISA Services and does not discuss Private Client Services or other services we offer to non-ERISA clients, and (iii) contains additional information about the Services you should be aware of.

Rehmann Capital Advisory Group, LLC made no material changes since its last annual update to the brochure dated March 29<sup>th</sup>, 2023.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Nicole Spitzley, Chief Compliance Officer at (517) 316-2438 or [nicole.spitzley@rehmann.com](mailto:nicole.spitzley@rehmann.com). Our Brochure is also available on our web site [www.rehmann.com](http://www.rehmann.com) also free of charge.

Additional information about Rehmann Capital Advisory Group, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with Rehmann Capital Advisory Group, LLC who are registered, or are required to be registered, as investment adviser representatives of the firm.

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#### **Item 4- Advisory Business**

Rehmann Financial has been providing Services to Plans and Plan participants since 2001. The governing terms and conditions for delivery of Services are set forth in the Agreement executed with each Client (or such other person) in its capacity as the responsible plan fiduciary of the Plan. We are organized as a Limited Liability Company (“LLC”) under the laws of the State of Michigan. We have branch offices in Michigan and Florida. Rehmann Capital Advisory Group, LLC also transacts business under the assumed names “Rehmann Financial” and “Rehmann Wealth”.

Rehmann Capital Advisory Group, LLC is registered with the SEC which allows us to offer you investment advisory products and services. These services are offered through advisors who have registered with us as Investment Adviser Representatives (“Advisors”).

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words “we”, “our”, and “us” refer to Rehmann Capital Advisory Group, LLC and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm.

#### ***Our Ownership Structure***

We are owned by Rehmann Financial Group, LLC. Rehmann Financial Group, LLC is owned by Rehmann, LLC. No shareholder of Rehmann, LLC has more than 25% control or ownership of our firm.

#### ***Assets Under Our Management***

As of January 1, 2024, our ERISA assets under management are \$2,004,842,602 We manage \$1,055,495,000 on a discretionary basis and \$949,347,000 on a non-discretionary basis.

#### ***Investment Advisory Services***

We offer a variety of ERISA Fiduciary Services described below. Our primary services are listed below and described in more detail later in this section:

- Portfolio Management Services
- ERISA Plan Consulting and Advising
- ERISA Fiduciary Services
- ERISA-Non-Fiduciary Services
- ERISA Plan Administration Consulting Services
- Access to Third Party Managers

## ***Portfolio Management Services***

Rehmann Capital Advisory Group, LLC has relationships with multiple custodians (i.e. Fidelity Institutional Wealth Services ("Fidelity") and TD Ameritrade). This allows our Advisors to design a program or plan matched to your stated objectives and needs. The investment advisory services offered may vary from each of our Advisors. We do not have any proprietary products or funds. Rather, each Advisor provides you with their unique approach to your needs.

Some of our Advisors manage their own portfolios. They will have discussions with you regarding, among other things: your investment objectives, risk tolerance, investment time horizon, account restrictions, and overall financial situation. Based on this information, your Advisor will either construct a customized portfolio for you or utilize one of the models they have constructed and manage. These portfolios may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, variable annuity sub-accounts (certain restrictions may apply) and/or other investments.

Our Advisors also work with Rehmann Capital Management Group (RCMG), our in-house investment team of managers that construct and monitor managed asset allocation models. These models are diversified across various investment styles and strategies. The portfolios typically consist of mutual funds, exchange-traded funds, equities, options, and/or debt securities.

We have no responsibility and do not provide services with regard to certain assets, such as employer securities, real estate (but excluding real estate funds and publicly traded REITs), participant loans, non-publicly traded securities or assets (other than non-publicly traded securities or assets recommended by us), other illiquid investments, or brokerage window programs. All "excluded assets" will be identified in the Agreement or the plan's Investment Policy Statement.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. For example, some clients have asked that we not purchase tobacco or alcohol securities in their accounts. Just provide us with a written request and, if possible, we will accommodate your request, provided it is not otherwise in violation of ERISA.

We recommend that all our clients work with a qualified attorney and/or tax professional. With your written permission, we will be glad to work with your current legal adviser or tax professional with respect to the services we provide to the Plan.

We are not qualified to, and do not provide legal, tax or accounting advice. We also do not prepare legal documents. The only exception to this would be if your Advisor is also a dually licensed attorney or accountant in the state where you live. Your attorney will be solely responsible for providing legal advice, legal opinions, legal determinations, and legal documents. Your tax adviser or accountant will be solely responsible for any tax or accounting services provided to you.

We do not participate in wrap fee programs.

## ***ERISA Plan Consulting and Advising***

ERISA Fiduciary Services (as discussed below) are rendered to Plans (and Participants that elect to receive them) on an individualized basis. For Plan level services, we consider information obtained from you based on criteria we deem to be relevant.

Participant level investment advice is based on information we obtain about the financial profile of the individual, such as age, retirement date, and risk tolerance.

Rehmann Capital Advisory Group, LLC provides consulting and advisory services for employer-sponsored retirement plans in accordance with the Employee Retirement Income Security Act (“ERISA”). The services provided are ERISA 3(21) and 3(38) fiduciary services depending on the desires of the plan sponsor.

Both 3(21) and 3(38) advisors accept fiduciary responsibility and adhere to ERISA 404(a)’s duty to act in good faith and with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances. Plan sponsors retain the responsibility to select and monitor the advisor, regardless of their advisor’s fiduciary status. These services are provided on a discretionary basis for ERISA 3(38) services and a non-discretionary basis for ERISA 3(21) services.

Under a 3(21) fiduciary advisory arrangement we will assist in the drafting of the investment policy statement (IPS), help design initial fund menu, monitor the selected investments, provide participant education, and provide guidance throughout the fiduciary process. As an ERISA Section 3(21) fiduciary, we do not have authority to make and implement fiduciary decisions for the plan. The plan sponsor is responsible for the selection and monitoring of the 3(21) investment manager and implementation of any of the 3(21) investment manager’s investment recommendations, and assumes responsibility and liability for any overriding decisions made by the plan sponsor.

Plan Sponsors or trustees may also elect to appoint Rehmann Capital Advisory Group, LLC as a 3(38) fiduciary investment manager. Under this arrangement, we draft the IPS, accept discretion over plan assets, and assume full responsibility and liability for fiduciary functions related to the investment options available to plan participants and the ongoing monitoring and documentation requirements under ERISA.

### ***ERISA Fiduciary Services***

#### **ERISA Fiduciary Services (Non-Discretionary) include:**

- Investment Policy Statement (“IPS”) Development. We will advise you regarding the preparation of an IPS for the Plan, considering your investment objectives, policies, and constraints. In preparing the IPS, we will make recommendations to you regarding asset classes, benchmarking and other selection and monitoring criteria, as well as the selection of specific investment alternatives for the Plan (as detailed in the client agreement) that are consistent with the requirements of ERISA.
- Recommendation of the investments to be held by the Plan or to be offered to Plan participants in a participant directed account. We also monitor and report on the investments and recommend a replacement if the investment is no longer appropriate for the Plan.
- Recommendation of a qualified default investment alternative (“QDIA”) for the Plan.
- Providing participant investment advice through our computer model.
- Recommendation of a “broad range” of investments to satisfy the requirements of ERISA Section 404(c)

The Plan (or the Participant in the case of participant advice) retains the sole responsibility to make the final decision to accept (or not accept) any advice or recommendation provided by Rehmann as an ERISA Non-Discretionary Fiduciary Service.

ERISA Fiduciary Services (Discretionary) include:

- Participant Directed Plan Asset Management: Where you elect to offer Plan participants the option of using our discretionary investment management services, we will enter into a separate agreement with that participant, describing our services and fees for that service. We also ask that the participant provide information that will help us understand their investment objectives. In providing this service, we are deemed to be a fiduciary “investment manager” as defined in ERISA Section 3(38).
- Pooled Plan Asset Management
- Access to Third Party Managers

***ERISA-Non-Fiduciary Services***

We also provide Non-Fiduciary ERISA Services, described more fully below, through our Rehmann Retirement Builders internal division (*See ERISA Plan Consulting and Advisory Services*). In providing Non-ERISA Fiduciary Services, Rehmann is not acting as a fiduciary under ERISA.

Non-Fiduciary Services are designed to help you meet your management and fiduciary obligations to the plan under ERISA requirements.

Following are typical ERISA Plan Consulting Services provided:

- Investment Policy Statement (“IPS”) Development/Review.
  - Development: we will help you prepare an IPS for the Plan that is consistent with the requirements of ERISA. We cannot guarantee that you will achieve the investment objectives in the IPS and you are solely responsible for all decisions related to the Plan’s investment policies.
  - Review: we will review the Plan’s existing IPS and help you determine whether the Plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the Plan’s liquidity requirements, performance goals and risk tolerance levels. This review is for informational purposes only, and we will not offer advice or opinions respecting actions that you should take as a result of the review.
- Strategic Planning and Investment Policy Development/Review
- Plan Review and Plan Design Consulting
- Education Services to Plan Committee Members
- Plan Fee and Cost Review
- Acting as Third-Party Service Provider Liaison
- Plan Participant Education and Communication
- Review of Executive Benefits
- Assist with Plan Conversion
- Merger and Acquisition Assistance. Perform due diligence review of retirement plan documents and investments for possible merger or termination of duplicate plans.
- Compliance Correction Assistance. Assist with corrective actions needed to comply with applicable laws and regulations.
- Vendor Search Support

We work with the Plan Sponsor to develop the full scope of Services to be performed and the fees for those Services. We require the Plan sponsor to sign the Agreement that provides:

- The terms and conditions of the engagement

- A description of the scope of the Services to be provided
- The relevant fees and fee-paying arrangements
- Which Services will be provided as Fiduciary ERISA Services and Non-Fiduciary ERISA Services
- ERISA disclosures required under Section 408(b)(2)

### ***ERISA Plan Administration Consulting Services***

Rehmann Retirement Builders (“RRB”) is our non-fiduciary internal division of Rehmann Financial. They provide plan administration to employee benefit plans and their fiduciaries. We work closely with this division to offer an array of Fiduciary ERISA Services (described above) and Non-Fiduciary ERISA Services, or ERISA Plan Consulting Services. You do not have to be using RRB’s plan administration services to receive our Fiduciary or Non-Fiduciary ERISA Services.

### ***Access to Third Party Managers***

Some of the programs we offer will use the services of third-party money managers as sub-advisors. If your Advisor chooses this option, they will select a manager whose style and talent best fit your Plan’s needs and objectives. Your agreement with us gives us the authority to hire or fire these managers on your behalf. Once a manager is selected, your Advisor will continue to monitor their performance. If our services to you include the use of these managers, you will typically sign an agreement with them in addition to the advisory agreement you will sign with us.

If you are interested in learning more about any of these third-party managers and their services, a complete description of their programs, services, fees, payment structure and termination features are found in their service disclosure brochures, investment advisory contracts, and account opening documents.

Our advisory responsibility is to select and monitor any third-party manager that provides services to us. Factors that we consider in their selection include:

- Their size
- How long they have been in business
- The experience level and turnover of their portfolio managers
- A review of their historical performance and risk measurements
- A review of their disclosure documents

If you were to go to these third-party managers on your own, the fees they charge you may be than going through us. However, when using their services directly, you will not receive our expertise in developing an investment strategy, selecting the managers to use, monitoring performance and changing managers if needed.

### **Item 5: Fees and Compensation**

In this section, we explain how we are compensated for the Services we provide. We also describe some expenses related to those Services. We believe that our charges and fees are competitive with firms offering similar services to Plans. However, lower fees for comparable services may be available from other sources. You can invest in mutual funds and other securities directly, without our Services. In that case, the Plan and its participants would not receive our assistance regarding investments and other matters.

We also would not be able to help you maintain a disciplined approach to the long-term requirements of investing for the:

- This ADV brochure
- Your client agreement
- Custodial agreements
- Mutual fund's prospectuses and Statements of Additional Information

Some of our Advisors may also receive commissions or other compensation as registered representatives, insurance counselors, and/or insurance agents. This additional compensation is separate and distinct from our advisory compensation. We discuss this in more detail later in this section.

### ***Negotiation of Fees***

Advisors may negotiate fees on a case-by-case basis, based in part on the scope and complexity of Services being provided to the Plan, as well as the size of the Plan and other relevant factors.

### ***Compensation For Services***

We typically provide Services on an annual fee basis, but each Advisor determines whether to calculate fees for Services at a pre-determined hourly rate, a fixed fee or as an annual fee based upon a percentage of Plan assets. Fees may be billed in advance or in arrears and are calculated either annually, quarterly, monthly or daily. In special circumstances other fee-paying arrangements may be negotiated. The amount, method of calculation, timing of payment, whether it is in arrears or advance, the payment source (Plan or Plan sponsor), and remittance procedures are all set forth in the Agreement.

Either of us can terminate the Agreement at any time, without penalty, by sending the other party a written notice. Both parties remain liable for and held to any transactions initiated before the agreement was terminated.

If you are billed in arrears, we will deliver a final billing statement for unbilled work performed prior to termination, and you will have 30 days to pay the invoice.

If you are billed in advance, we will pro-rate and credit back to you any unused portion of the billing period.

Advisors can set their own fees if they stay within following ranges:

- Fixed Fees
- Hourly Fees: up to \$800 per hour. You are welcome to request an estimate of expected total hours at the start of the relationship.
- Annual asset-based fees: Based on the asset levels in the Plan at the date designated in the Agreement.

| <u>Assets</u>                 | <u>Maximum</u><br>(Basis Pts) | <u>Maximum</u><br>(Percentage) |
|-------------------------------|-------------------------------|--------------------------------|
| \$0 to \$20,000,000:          | 125 bps                       | 1.25%                          |
| \$20,000,001 to \$40,000,000: | 60 bps                        | .60%                           |
| \$40,000,001 and above:       | 35 bps                        | .35%                           |



Please consider this example of a fee calculated as a percentage of assets on a quarterly basis in arrears. We determine the dollar amount of the fee by multiplying one-fourth of the annual percentage fee by the market value of the Plan assets on the last day of the previous quarter. The fees are adjusted for partial quarters. (We use 360 days in a year and 90 days in a quarter.) This prevents you from being charged a full quarter when you open (or close) an account during a quarter.

|          |  |                           |
|----------|--|---------------------------|
| Example: | Annual Fee:  | 1% (.01) 100 basis points |
|          | Account value at end of prior quarter:   | \$100,000                 |
|          | Number of days invested:   | 45                        |
|          | Fee to be deducted/invoiced:   | \$125                     |
|          | (.01 x \$100,000 = \$1,000 annual fee)   |                           |
|          | (\$1,000/ 4 = \$250 quarterly fee)   |                           |
|          | 45 days out of 90 = .50 (50%) \$250 x .5 = \$125 (pro-rated for ½ of a full quarter) |                           |

We pay careful attention when calculating fees and review them on a regular basis. However, the custodian holding your Plan assets will not determine whether the fee was properly calculated. You are also responsible for confirming that the fee we submit to the custodian is accurate, if applicable. We do not provide you with a billing notification. We rely on the fact that the fees deducted are reported on your custodial statements for your review.

### ***Additional Compensation- General***

The choice of a mutual fund and a share class can directly affect the compensation Rehmann Financial receives with respect to shares purchased and held in your account. As described in this brochure's Item 10, Other Financial Industry Activities and Affiliations, most of our Advisors are dually registered with us as both investment adviser representatives and as brokerage representatives of an affiliated broker-dealer, Rehmann Financial Network, LLC. Accordingly, Rehmann Financial may receive a portion of the sales loads, 12b-1 fees, and other compensation paid by mutual funds with respect to shares purchased and held in our clients' accounts. The receipt of these fees poses a potential conflict of interest in determining which custodian to use for each client.

To reduce the potential conflict, we do not pay out these types of compensation to our Advisors. Rehmann Financial, and its affiliates, have adopted policies and procedures to ensure compliance with ERISA such that all such compensation is properly disclosed and handled in a way to either avoid a prohibited transaction or satisfy an exemption to the prohibited transaction rules.

For example, the Agreement specifically provides that any additional compensation received by Rehmann is used to reduce its stated fee for Services or shall be remitted to the Plan. In no event will we provide Services to a Plan or allow an advisory or consulting relationship with a Plan to proceed, if we believe it is prohibited under ERISA.

The Agreement will disclose any additional compensation information relevant to your Plan or direct you to where you may find a written disclosure of additional compensation.

### ***Account and Fee Minimums***

As a firm, we do not have account size or fee minimums. However, some of our Advisors may impose minimum Plan asset levels and/or minimum quarterly fees. Minimum fees can potentially create higher

than normal fees during down markets. Some of our Advisors may charge you a higher fee if you want them to provide Services to a Plan with assets that are below their typical account size.

Under certain circumstances, some Advisers may charge less than their standard minimum advisory fee to a Plan. This discounted fee is done on a case-by-case basis and is left to the sole discretion of your Advisor.

### ***Custodian Fees***

The following are not sources of compensation to us but are examples of costs that may be imposed by the financial institutions and/or other third parties associated with your Plan investments:

- Custodial fees
- Charges imposed directly by mutual, index or exchange traded funds. These fees are disclosed in the fund's prospectus and may include:
  - Fund management fees
  - Early redemption fees
  - Other fund expenses
- Transaction charges for securities trades

The Agreement you sign with us (and the agreement with the financial institution holding your assets) authorize us to debit your account for our Fee if applicable. It also authorizes the financial institution to send the fee directly to us without violating any custody rules. We only work with financial institutions that will send you a statement at least quarterly. Those statements will show all transactions in the account including any advisory fee taken for that period.

### ***Third-Party Manager Fees***

Your Advisor may recommend that you use a third-party manager. In these situations, our advisory fee compensates your Advisor for the on-going monitoring and review of the manager's performance. Unless the third-party manager bundles our fee with theirs, all fees are separate from and in addition to our advisory fee. You may incur fees on top of those charged by us including, the third-party manager's fee, wrap fee program sponsor (if applicable), and corresponding broker-dealer and custodian fees.

As we noted above, some third-party managers will bundle our advisory fee into their management fee. In these cases, we will receive our fee directly from the third-party manager. Our fee is paid solely from the third-party manager's investment management fee and does not result in any additional charge to you.

The following fees and expenses are generally related to the use of third-party managers:

- Management fees paid to the Third Party
- Advisory fees paid to us as outlined in the client agreement that you sign with us
- Transaction costs – if applicable – which may be paid to purchase and sell such securities
- Custody fees charged by the custodian
- Administrative and service fees

Your account may be held with the third-party manager's custodian where your fees will be assessed and deducted. Management fees charged by third party managers may not be negotiable.

For further details, please be sure to carefully review the third-party manager's disclosure brochures and investment agreements.

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

We are required by the SEC to disclose to you information regarding any performance-based fees and side-by-side management that we charge on our client accounts. Rehmann Capital Advisory Group, LLC does not charge performance-based fees or offer side-by-side management on any of our accounts.

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

Our Advisors provide investment advisory services to a variety of types of Plans. Below are examples:

- Participant directed plans: 401(k), 403(b), profit sharing plan, 457(b), 457(f), government plan, church plan
- Pooled plans: cash balance plan, money purchase pension plan, defined benefit plan

See *Item 5: Fees and Compensation* for information on account and fee minimums that may be imposed.

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

Portfolios are regularly monitored, and changes suggested or implemented when appropriate. A disciplined approach to rebalancing is employed to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax reduction, tax planning or other reasons.

#### ***Methods of Analysis***

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. It is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, demand, and volatility to help determine the market forces at work on a certain security or on the securities market.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

Quantitative Analysis. We use mathematical models to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third Party Money Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## *Investment Strategies*

Long-Term Strategy. Our advisory services are generally designed for strategic long-term investing. However, we may sell investment securities from time to time without regard to the length of time they have been held.

The Long-Term assumption is that financial market values will increase over time and this may not happen. There is also the risk that the segment of the market you are invested in (or perhaps just your particular investment) will decrease over time even if overall stock market values increase. In addition, purchasing investments long-term may create an opportunity cost, “locking-up” assets that you may be better off using elsewhere.

### Stocks

- Financial Risk: the risk that the companies you are invested in may perform poorly affecting the value of your investment.
- Market Risk: the risk that the stock market will decline, decreasing the value of your investment.
- Inflation Risk: the risk that prices will increase in the economy and deteriorate a stock’s real return.
- Political and Governmental Risk: the risk that the value of your investment may be negatively affected by new regulations, changes in leadership, political unrest, etc.
- Certain securities recommended, such as U.S. small cap value and mid cap value stock mutual funds, and micro-cap mutual funds, possess higher levels of volatility (as individual asset classes within a portfolio). When we use these securities as part of an overall strategic asset allocation, it is because we believe that over the long-term, the potential return will be greater than the additional risk that may be experienced over the short-term.

### Bonds

- Interest Rate Risk: the risk that the value of bond investments will fall if interest rates rise.
- Call Risk: the risk that your bond investment will be called or purchased back from you when conditions are favorable to the bond issuer but not favorable to you.
- Default Risk: the risk that the bond issuer may be unable to pay you the contractual interest or principal on the bond in a timely manner or that they may not be able to pay you at all.
- Inflation Risk: the risk that price increases in the economy will deteriorate a bond’s real return.

### Alternative Investments

- Market Risk: the risk that the value of certain alternative investments will fall, including but not limited to commodities, currencies, and real estate investments.
- Manager Risk: although selected for lower volatility returns, certain alternative investment strategies may not perform as expected, and may lose value and/or increase portfolio volatility.

### Mutual Funds

Since a mutual fund may hold bonds and/or stocks, please refer to the risk under both of those sections.

- **Manager Risk:** the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- **Market Risk:** the risk that the stock market will decline, decreasing the value of the securities being held by the mutual fund.
- **Industry Risk:** the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry. This would decrease the value of mutual funds that have a large amount invested in that industry.
- **Inflation Risk:** the risk that price increases in the economy will deteriorate a mutual fund's real return.

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

Cash Balances. Cash is typically maintained in one of the money market mutual funds offered by the custodian holding your assets. Your Advisor will discuss your current and future cash flow needs. They can also help you create a plan to meet those needs. While it is not our practice to encourage clients to maintain a large amount of cash in their accounts, we will try to accommodate such requests.

If you want to maintain a substantial "cash reserve account," we may recommend that you open a separate, non-managed account. This account is not monitored but your Advisor may periodically review the levels of the account with you. These unmanaged accounts are excluded when calculating the advisory fee. These accounts are also excluded from the assets under management figures we report.

Additionally, we may recommend that you maintain a certain level of cash in your managed accounts to:

- facilitate fee taking and;
- provide liquidity for your cash flow needs or planned purchases.

This is to prevent us from having to sell a security at an inappropriate time to cover the fees due. This may slightly reduce your portfolio's returns when your portfolio returns are higher than the interest rate being paid on your cash balances.

### ***Summary***

Please discuss these and other risks in more detail with your Advisor. If your Advisor recommends that you use a third-party manager, please be sure to refer to their ADV brochure and associated disclosure documents for details on their investment strategies, methods of analysis and associated risks. ***Investing in securities involves risk of loss that you should be prepared to bear.***

### **Item 9: Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events regarding the firm and our management team that would materially impact your evaluation of Rehmann Capital Advisory Group, LLC. No events have occurred that are applicable to this item.

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

To help us manage potential conflicts of interest, we require that our Advisors disclose their outside business activities to us on an annual basis.

As a subsidiary of Rehmann, LLC (“Rehmann”), we are affiliated with Rehmann’s other subsidiaries that provide financial services. You are under no obligation to purchase services from any of these firms when recommended by your Advisor in connection with providing you with any advisory service that we offer.

These affiliations are listed below and described in more detail in the following sub-sections:

- Rehmann Robson – audit, accounting and/or tax preparation services
- Rehmann Retirement Builders (RRB) – pension consulting
- Rehmann Insurance Group – fixed insurance services (life, health, property and casualty)
- Rehmann Financial Network, LLC - a registered broker dealer

Some of our employees are also partners of Rehmann, LLC. While we do not receive any portion of the fees generated by any of these entities, these individual partners are entitled to receive distributions relative to their respective ownership interest in Rehmann, LLC.

### ***Accounting and Tax Affiliation***

We do not provide accounting advice or tax preparation services. If you need these services, we may recommend Rehmann Robson, a subsidiary of Rehmann, LLC. The services provided by Rehmann Robson are independent from our advisory services. We may offer you bundled advisory and accounting/tax services in our agreement with you, but you would be required to sign a separate agreement with Rehmann Robson for those audit, accounting and/or tax services.

### ***Pension Consulting Affiliation***

We do not provide pension planning or qualified retirement plan administration services. If you need these services, we may recommend Rehmann Retirement Builders (“RRB”). RRB is independent from our advisory firm and as such requires that a separate engagement agreement be signed with them for their plan administration services.

### ***Insurance Affiliation***

We do not sell fixed insurance products but some of our Advisors may do so as fully licensed insurance agents and/or counselors of Rehmann Insurance Group, LLC (“RIG”). RIG is independent from our advisory firm. Please see *Item 5: Fees and Compensation* for potential additional costs and conflicts of interest associated with this activity.

### ***Broker Dealer Affiliation***

Rehmann Financial Network, LLC is a registered broker dealer. Many of our Advisors are registered representatives (“reps”) of Rehmann Financial Network, LLC. This allows your Advisor to sell you direct mutual funds or variable annuities under a commission arrangement. This activity is independent of the advisory services we provide. Please refer to *Item 5: Fees and Compensation* for potential conflicts related to this activity.

### ***Third Party Manager Activities***

Some of our Advisors may recommend third party money managers for the management of your assets. Please refer to *Item 4: Advisory Business*, *Item 5: Fees and Compensation*, *Item 14: Client Referrals and Other Compensation* and *Item 16: Investment Discretion* for additional information on our use of third-party money managers.

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

We have adopted a Code of Ethics for all our employees. This Code expresses our commitment to ethical conduct and is used to guide the personal conduct of our various team members. The Code describes the firm's fiduciary duties and responsibilities to clients and sets forth our practices of supervising the personal securities transactions of employees who have access to client trade information. The key concept of the Code is that Rehmann Capital Advisory Group, LLC and our employees shall always:

- Place your interests first,
- Act with integrity and dignity when dealing with clients, prospects, team members, and others,
- Strive to maintain and continually enhance a high degree of professional education,
- Seek to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients,
- Keep your securities holdings and financial circumstances confidential.

### ***Participation or Interest in Client Transactions and Personal Trading***

Rehmann Capital Advisory Group, LLC does not participate in securities in which we have a material financial interest. As a matter of policy, we would never recommend to clients, or buy or sell for client accounts, securities in which our firm has a material financial interest.

Certain members of Rehmann, LLC are investing in a private venture capital fund. Some of our Advisors may also be owners of Rehmann, LLC. This relationship may create an incentive for an Advisor to recommend this fund to their clients. Due to this potential conflict of interest, owners who are affiliated with our registered investment advisory firm must obtain approval from the Chief Compliance Officer prior investing in this fund.

Our employees can buy and sell individual securities for their personal accounts that you may also invest in. This may create a conflict of interest if they receive a better price than you do on that trade. To manage this conflict, our Code of Ethics states that Rehmann Capital Advisory Group, LLC employees can't receive a better price than you do if the trade is placed for the same security on the same day on the same side of the market (buying or selling). We recommend that our Advisors delay trading in their personal accounts until the next day to prevent any underlying conflict of interest and to eliminate the need for a trade correction if they trade on the same day and receive a better price than the client.

To supervise compliance with our Code of Ethics, we require employees who possess access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide personal annual securities holding reports and quarterly transaction reports to our compliance department.



We also require access persons to receive advance approval prior to investing in any initial public offerings, private placements, and certain “restricted” individual securities.

Any third-party managers we use are not affiliated with us and will be governed by their own policies and procedures. You should refer to their ADV brochure documents for information on their Code of Ethics.

### ***Non-Public Information and Privacy***

Our Code of Ethics prohibits the use of material non-public information. It also establishes procedures aimed at protecting your confidential information.

### ***Gifts Made to and Given by Our Advisors***

Investment managers can occasionally give nominal gifts to advisors subject to a limit of \$100 per employee per calendar year. We do not permit any gifts or entertainment conditioned on the achievement of a sales target. No gifts received relate to any transactions or investments made by our clients.

Advisors are also limited in gifts that they may receive from or give to clients. This limit is up to \$100 per client per calendar year and is in place to prevent client favoritism.

Our Code of Ethics requires that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

We will be glad to provide you with a complete copy of our Code of Ethics upon request.

### **Item 12: Brokerage Practices**

We cannot manage your assets until you have signed an asset management agreement with us and have established an account at a qualified custodian or financial institution. Following are a list of custodians we currently have agreements with:

- Fidelity Institutional Wealth Services and its affiliates (collectively referred to as “Fidelity”)
- TD Ameritrade

We are independently operated and owned and are not affiliated with any of these firms. These firms provide us with access to institutional trading and custody services that are typically not available to retail investors. Not all independent investment advisors recommend that their clients use a custodian.

We have a duty to obtain “best execution” for you, i.e., a price that is as favorable to you as possible under the prevailing market conditions. In seeking best execution, we must consider the quality of services—not just the lowest cost.

When determining which financial institution to recommend to you, we take into consideration several factors. These include, but may not be limited to the firm’s:

- Financial strength
- Reputation
- Execution
- Pricing

- Research
- Services
- Responsiveness

All these factors help us determine which firm will fulfill both your needs for best execution and our need to provide you with the best services available.

The custodians we use do not charge you separately for custody services. They are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that settle into accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The custodians we use provide us with access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Although we have negotiated fees with each custodian we use, you might pay higher transaction fees with them than you would with other discount brokers. We believe the services and benefits offered more than offset any potentially higher fees.

We are under no obligation to recommend any custodian to you. We do not believe that these services and benefits materially affect our recommendations to you. However, in the interest of full disclosure, we need to make you aware that there is a potential conflict of interest. This is because we may have incentive to recommend a custodian based on our interest in receiving these benefits, rather than on your interest in receiving the most favorable execution price (“best execution”).

To monitor this conflict, we have a Best Execution Committee. The committee meets on an annual basis to review all existing custodial relationships considering our duty to obtain best execution for you. Part of process includes rating each custodian on each of the items listed above as well as discussing other issues or concerns that have occurred during the previous year.

In connection with the provision of third-party money managers, our choice of custodian may be limited to the choices offered by that manager.

### ***Aggregating / “Batching” Client Transactions***

Whenever possible, we will aggregate your trade orders with those of other clients in what we call a “block” trade order. This is done to obtain volume discounts on execution costs. For each account that we include in the block trade, we must reasonably believe that the order is consistent with our duty to seek best execution for all clients participating in the aggregated order. The average price per share of a block trade is allocated to each account that participates. Accounts that participate in the same block trade are charged transaction costs, if applicable, in accordance with their client agreement.

The aggregation and allocation practices of mutual funds and third-party managers that we recommend to you are disclosed in their mutual fund prospectuses and third-party manager disclosure documents. We will not receive any additional compensation or remuneration as a result of the aggregation.

### ***Soft Dollar Arrangements***

We do not engage in any soft dollar practices. A soft dollar arrangement is one in which we would direct commissions generated by transactions to a third party in exchange for services that are for the benefit of the client but are not client directed.

### ***Other Economic Benefits***

Some of the custodians we utilize provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

We may also receive additional benefits (also known as "non-cash" compensation) as a result of our relationships with some of the financial institutions listed above. These resources are also referred to as "Other Economic Benefits". Examples include:

- Receipt of duplicate client confirmations
- Receipt of electronic duplicate account statements
- Access to trading desks that exclusively service investment adviser firm participants (these trading desks may also provide research, pricing information, and other market data)
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts
- Access to electronic communication networks for client order entry and account information
- Access to the investment advisor portion of their web sites (this may include practice management articles, compliance updates, and other financial planning related information and research materials)
- Access to other vendors on a discounted fee basis through discounts arranged by the custodians
- Computer software and related systems support to assist us in monitoring client accounts, place trades, do research
- Telephone conferences with managers, analysts, etc.
- Financial assistance for client events and advisor meetings
- Invitations to due diligence, educational or reward meetings related to our business

### ***Directed Brokerage***

We have relationships with multiple custodians. Your Advisor will recommend that you use one custodian for your investments with us. The choice of the custodian is based on factors such as the value of your investments and your investment needs.

As our client, you may direct us in writing to use a custodian (broker-dealer) to execute some or all transactions in your account(s). If we do not have an agreement with that firm, you will need to negotiate the terms and arrangements for the account. We will not seek better execution services or prices. We will also not be able to aggregate transactions to achieve better pricing. You may also pay transaction costs and/or receive less favorable net prices.

Subject to our duty of best execution, we may decline your request to direct brokerage. We may do this if we believe the arrangement would result in additional operational difficulties or violate restrictions imposed by other firms we (or our Advisors) have agreements with. We are aware of our duty to obtain best execution for you and have implemented policies and procedures reasonably designed to do so.

### ***Trade Errors***

From time-to-time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer that has custody of your account. At no time will you experience a loss due to an error on our part. If necessary, we shall reimburse your account for the loss resulting from the error and any other fees associated with correction of the error.

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

It is important that you discuss any changes in the Plan's demographic information, investment goals, and objectives with your Advisor. We will contact you at least once a year to review our Services and/or recommendations. This is the time for you and your Advisor to discuss the impact resulting from any changes in the Plan's needs.

Plans may receive written reports directly from their Advisor based upon the services being provided.

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

#### ***Client Referrals***

In some cases, we pay referral fees to affiliated and unaffiliated third parties ("Solicitors") equal to a percentage of the advisory fees collected from the clients the Solicitor referred to us.

For example, John Smith refers you to Advisor Brown. John Smith has signed a solicitor agreement with us to receive 10% of the fees we charge to you. We are charging you 1% a year on the \$100,000 of assets being managed by Advisor Brown. When we receive the first quarter's fees of \$250 ( $(\$100,000 \times .01)/4 = \$250$ ), we will pay 10% of that \$250 to John Smith as a referral fee.

As you can see from the example above, referral fees paid out do not result in any additional charge to you. The specific terms and obligations of the Solicitor and our Advisors are outlined in a written solicitation agreement. Our Code of Ethics prohibits us from favoring referred clients over others. If you are introduced to us by one of these Solicitors, we will provide you with our written disclosure statement containing the terms and conditions of the referral arrangement.

#### ***Other Compensation***

*Item 5: Fees and Compensation* discusses how we are compensated for our advisory services.

You should also be aware of and consider potential conflicts of interest related to indirect forms of compensation and benefits that we and our Advisors may receive from third parties (such as mutual fund managers, third party asset managers, and through our executing brokers) in connection with the sale of investment products and services to clients. These forms of compensation are in addition to client advisory fees we receive and may impact the recommendations that are made to you. To manage these conflicts, our security trades are reviewed for suitability by an appointed supervisor. You are encouraged to ask us about any of the conflicts presented below. We want you to note the following:

#### **General**

Some third-party managers set limits on the fees that can be charged, and some will have higher limits than others. This may create an incentive for us to recommend advisory services or programs with higher limits. In addition, some sponsors may charge us usage fees and other expenses to use their advisory programs. This would decrease the amount of money we make when offering investment advice to you. This would also create an incentive to provide you with advisory programs and services that are cheaper for us to use but may not be as suitable to your needs.

## **Mutual Funds**

Our Advisors may participate in programs that reduce or waive transaction charges for purchasing certain securities. This may provide us with incentive to invest your account in these securities over securities that do not participate in these programs to reduce our transaction costs even if such investments may not always be suitable for your account.

## **Training / Education**

Third party managers, custodians and/or broker-dealers may provide our Advisors with the opportunity to attend training events or educational conferences. They may cover all or a portion of the cost of the event, travel, meals and lodging expenses for the attendees. Payment/reimbursement of these expenses is not contingent upon the sale of any specific securities. Our Advisors may have an incentive to recommend the firms that offer these opportunities over those that do not. Some custodians may also cover some of the costs of meetings we hold for our Advisors. This may provide us with an incentive to place business with that custodian. Our Advisors are required to disclose such events on an annual basis.

Please see *Item 12: Brokerage Practices – Other Economic Benefits* for non-cash compensation we may receive from the custodians we use.

## **Item 15: Custody**

Rehmann Capital Advisory Group, LLC is deemed to have limited custody of client funds and securities because we have the ability to deduct advisory fees from the client's custodial account. Rehmann Capital Advisory Group, LLC also has the authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, Rehmann Capital Advisory Group, LLC will follow the safeguards specified by the SEC rather than undergo an annual audit.

We do not act as a qualified custodian for our client assets. All transactions in your advisory accounts clear through a qualified and unaffiliated custodian. You will receive account statements and trade confirmations directly from the custodian who holds your assets. The custodians we utilize will typically send you a statement every month. You should carefully review these statements to make sure they are accurate.

Clients may request that their Advisor provide them with additional written reports that might include a list of account holdings, account values and/or account performance. The frequency of these reports is determined on a case-by-case basis and upon the discretion of your Advisor. We recommend that you compare these reports to the statements you receive from your custodian to make sure they are accurate.

## **Item 16: Investment Discretion**

We manage your accounts on either a discretionary or non-discretionary basis. We will only manage your account on a discretionary basis with your written authorization. This consent is granted and evidenced in the client agreement that you sign with us.

Discretion: gives us the authority to make the following decisions without getting your consent first:

- which securities to be bought or sold
- the amount of securities to be bought or sold
- the timing of the transaction

Discretion does not apply to the withdrawal or transfer of your account funds. These activities will require your written signature each time.

Restrictions: You may request that we place limitations on this discretionary authority at any time. This might include a request to refrain from investing in certain investments or specific securities. Just provide your Advisor with the written request and we will accommodate you if possible.

Limited and Non-Discretion: You may also request we use limited or non-discretion on your accounts with us. Under a non-discretionary agreement, we refrain from initiating transactions in your account(s) until we receive authorization from you, except when we deduct advisory fees from your account(s). In a limited discretion arrangement, the discretionary management of your assets is limited to fixed income and/or preferred stock assets. All other assets in your account(s) are managed on a non-discretionary basis.

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

Except in the case of certain Taft-Hartley Plans, we do not vote proxies on behalf of accounts.

For those Taft-Hartley Plans, we have adopted a written Proxy Voting Policy setting the standards and guidelines for voting proxies. Under our Proxy Voting Policy, we seek to further the best interests of Taft-Hartley plan accounts, plan beneficiaries, and participants.

Depending upon each client's wishes, we may or may not exercise discretionary authority to vote proxies for securities held in our clients' accounts. Some clients may choose to retain proxy authority for specific securities, while giving us proxy authority for the balance of their account. If we do not exercise proxy authority, we will direct the client's custodian to forward proxy solicitation materials to the client instead of to us. Typically, we do not review or advise about proxy solicitation matters when we do not have proxy voting authority, but we are pleased to discuss a client's questions if they arise.

If we have proxy voting authority for a client, we will review the proxy solicitation materials we receive and monitor corporate events covered by those materials on behalf of the client. We will vote each proxy in a manner consistent with what we then believe to be the client's best interest and not the interest of any other person. It is our general practice to vote proxies in accordance with the recommendation of a company's management as stated in the proxy materials. In proposals to increase a mutual fund's management fees we will vote against the proposal if we believe it is inappropriate. We may use a proxy voting service for increased efficiency, and to assist with research on voting issues.

Before voting a proxy, we will determine whether we may have a conflict of interest potentially affecting our judgment. At the present time, our firm does not advise any registered or unregistered mutual fund or company in whom our clients presently invest, nor their directors or senior officers. When we have a conflict of interest with respect to a company or other person soliciting proxies, we will advise each affected client and attempt to resolve the conflict in a manner that best serves the client's interest. Our general procedures for resolving conflicts are part of our Proxy Voting Policy, which is available to you upon request.

You may obtain a copy of our Proxy Voting Policy or information on how securities in your account were voted by sending a written request to our office at the address on the cover of this brochure.

**Item 18: Financial Information**

We are adequately capitalized and do not foresee any financial conditions that might prevent us from meeting our commitments to you.

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

This item does not apply because of our registration with the SEC.

## **Supplement 1: Business Continuity Plan**

Rehmann Capital Advisory Group, LLC has a Business Continuity Plan in place for all its offices. The plan provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, fire, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, Internet outage, railway or aircraft accident. Electronic files are backed up daily and archived on and offsite.

### **Alternate Offices**

Alternate work locations are identified to support ongoing operations in the event any office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### **Loss of Key Personnel**

Replacements have been identified for all key personnel in the event of serious disability or death.



## **Supplement 2: Information Security Program**

Rehmann, LLC maintains an information security program for all its divisions to reduce the risk that personal and confidential information may be breached.

### **Privacy Notice**

We are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. With permission, we may provide this information to attorneys, accountants, and mortgage lenders with whom your clients have established a relationship. We may also, within reason, share information between our affiliated firms. Your clients may opt out from this sharing of information by notifying us at any time by telephone, mail, fax, email, or in person.

We maintain secure offices to ensure that non-public information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our records and personal records as permitted by law.

Personally identifiable information will be maintained while we are providing services to your clients and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver our Privacy Notice to you annually, in writing.

### **Supplement 3: Mutual Fund Share Class Selection Disclosure**

#### ***Mutual fund share classes***

Client portfolios contain a mix of mutual funds, stocks, bonds, and other types of securities. In some instances, the Firm receives additional compensation with respect to mutual funds that may be purchased for and held in your account. The amount of this type of compensation varies and is affected by the selection of each mutual fund's "share class". There are several important considerations affecting share class selection, as explained below.

Most mutual funds offer multiple share classes. Share classes are designed by mutual fund companies with differing expenses, charges, terms, conditions, exchange rights, and holding periods, among other terms, all of which are important considerations in the selection among those share classes in the same fund. Generally, multiple share classes are offered by a mutual fund to fit several broadly applicable investment circumstances depending upon important variables such as the investment objectives; investment strategy; amount invested; anticipated holding periods; reinvestment or exchange limitations; redemption, trading, or other transaction-driven costs; investor characteristics (e.g., ERISA plans); and other important considerations. We take these and other factors into consideration when recommending or selecting mutual fund share classes for your account.

While share classes are commonly designated by letters such as "A", "B", "C", "D", "E", "F" and "I" shares, the use of these generic class labels is not uniform among mutual fund companies. Each mutual fund company structures the specific terms, conditions, rights, and expenses associated with its share classes differently, and sometimes these characteristics change over time. So, for example, "A" shares offered by one mutual fund company may have different legal and economic attributes than "A" shares offered by another fund company.

Each mutual fund company's share class has various conditions to its availability such as minimum purchases, minimum holding periods, investor-type eligibility, and may impose different limitations upon redemptions, exchanges, and other variable shareholder rights. Some share classes may offer "breakpoints" and "accumulation rights" that can lower the up-front cost when significantly higher amounts are invested in the fund at one time or accumulated over a specified period. At some fund companies an "institutional" share class may be available for qualifying investors subject to other limitations and considerations.

#### ***Commissions, On-going fund-level fees, and "ticket" charges***

While each share class within the same mutual fund owns a proportionate share of the fund's investments, each share class typically bears different sales-related charges such as "front-end", "contingent", and/or deferred "back-end" commissions or "sales loads". Each class also bears differing on-going management fees, administrative fees, custody fees, and distribution or shareholder servicing fees—sometimes these are referred to as "12b-1 fees" that are commonly paid pursuant to "12b-1 plans" adopted by many mutual fund companies. In addition to sales charges and on-going fees, commonly each mutual fund purchase, sale, redemption, or exchange may also bear a transactional "ticket charge" to pay for handling each order. These sales loads, on-going asset-based fees, and ticket charges are borne by the investors who purchase and hold these mutual funds in their accounts and are in addition to the compensation you pay us for our investment advisory services. Transactional "ticket" charges may be negotiated, waived under some circumstances.

Sales charges, 12b-1 fees, on-going asset-based fees, and other fund-level expenses are deducted from the fund's assets and so reduce the investment returns. These types of expenses vary by share class and so

how much of these expenses are borne by specific investors depends on the selection, holding period, amount invested, and other factors described above. These fees and expenses are disclosed in the mutual fund's expense ratios disclosed in each mutual fund's prospectus or statement of additional information, which are publicly available and provided to you upon request.

Share classes with upfront sales charges commonly impose lower on-going asset-based fees, so the anticipated holding period is important. With no or lower upfront sales charges, more of your principal is immediately invested but for those share classes mutual funds typically cover their distribution and shareholder servicing costs with higher on-going asset-based expense ratios. Higher on-going fees accumulate over time and so the anticipated holding period becomes important. Different share classes may also bear different transaction charges for redemptions and exchanges. Comparisons of cumulative share class expenses commonly look at an investment holding period of several years.

Additional information about mutual fund share classes and investor tools are available on the SEC's website at: <https://www.sec.gov/answers/mfclass.htm> and <https://www.sec.gov/investor/tools.shtml>.

The SEC also offers a tool for calculating mutual fund fees and expenses at:

<https://www.sec.gov/investor/tools/mfcc/mfcc-int.htm>.

This tool can be used to compare different funds and share classes as further discussed below.

### ***No-load or "NTF" share class***

Most but not all mutual funds offer a so-called "no-load" ("no transaction fee" or "NTF") share class. No-load share classes do not charge investors an up-front sales commission at the time of purchase but do charge higher on-going asset-based fees such as management fees and 12b-1 fees, to compensate for the costs associated with the distribution and/or shareholder servicing of those shares. Commonly, no-load shares do not have minimum holding periods and do not have an initial upfront cost, so offer more flexibility when the anticipated holding period is anticipated to be relatively short. Shorter holding periods may be anticipated in periods of higher market volatility or when the funds are used in connection with model portfolios that may change periodically without specific consideration of an investor's holding period. This share class's on-going fees tend to be higher, so holding this type of shares accumulates more expense over time than other share classes.

### ***Front-end Loaded – "A" Shares***

"A" shares typically charge a front-end sales charge. When you pay a front-end sales charge, that money does not go into your account and so does not contribute to your investment return from those shares. "A" shares may offer "breakpoints" and "accumulation rights" that can lower the up-front cost when larger amounts are initially purchased or purchased over a period time. While A shares may also impose an on-going asset-based fees, those expenses are generally lower than charged to other share classes. Because of the higher up-front expense and lower on-going fees, A shares are commonly selected when longer-term holding periods are anticipated. Commonly, A shares do not pay on-going 12b-1 fees because the mutual fund's distribution costs are paid in the upfront sales charge.

### ***Contingent Deferred Sales Charges – "B" Shares***

"B" shares typically do not impose a front-end sales charge, but instead impose a "contingent deferred" sales charge ("CDSC"), which you may pay if you do not continue to own these shares for the fund's specified holding period(s). Typically, the CDSC declines over time (e.g., year to year) and is eventually eliminated. Once eliminated, B shares are often "converted" into Class A shares automatically by the mutual fund company. B shares commonly bear higher on-going asset-based fees than A shares until

converted. When converted from B to A shares, those shares will bear the same on-going asset-based fees. So unlike A share purchases, all your dollars are immediately invested in your account, but your fund-level expenses may be higher, as measured by the fund's expense ratio and your holding period should be longer to reduce or avoid the CDSC expense. Commonly, "break points" are not available for B shares, so A shares may be less expensive for large purchases. Commonly, B shares do pay on-going 12b-1 fees to cover some of the mutual fund's distribution and shareholder servicing expenses, which may be reduced when B shares are converted to A shares at the end of the holding period.

### ***Deferred Sales Charges – "C" Shares***

Like "B" shares, "C" shares usually do not impose a front-end sales charge at the time of purchase, so all your money is immediately invested. Often C shares impose a smaller CDSC if you sell your shares shortly after purchase, often a one-year period. However, C shares typically impose higher on-going asset-based fees than A shares and, unlike B shares, C shares generally do not eventually convert into A shares, so their on-going asset-based fees are not reduced over time. C shares are often used for asset-allocation purposes when the anticipated holding period is anticipated to be shorter. In most cases the on-going expense ratio for C shares is higher than either A or B shares, so more of these expenses accumulate over time for this share class than others.

### ***Institutional Share Class – "I" Shares***

Institutional share classes, commonly labeled "I" shares, are not offered by all mutual fund companies, may not be available to all investors, may impose large minimum purchase thresholds, and may impose minimum holding periods. These considerations may be inconsistent with some client's investment objectives or anticipated investment time horizon. For example, I shares typically impose front-end sales charges (less than A shares), often because of higher minimum investment thresholds, but impose lower on-going asset-based expenses. I shares commonly pay on-going 12b-1 fees for distribution and servicing, but lower in amount than B or C shares.

### ***Impacts of Share Class Selection***

Your Advisor may recommend or select for your account no-load mutual fund share classes instead of other share classes that charge you a sales load. No-load share classes commonly have higher expense ratios to cover distribution or shareholder servicing expenses and/or revenue sharing payments than sales loaded funds that commonly have a lower on-going expense ratio. When selecting and/or recommending a share class, your Advisor will consider a variety of factors including its expense ratio, the initial and anticipated account size, our use of asset allocation models with smaller accounts (which are rebalanced or trade based on the model rather than client-specific considerations), and other factors that may vary depending on the client. For example, commissions and transaction-driven charges; anticipated holding periods; trading costs, redemption and reinvestment fees and trading limitations; tax considerations; and class eligibility criteria that vary among mutual fund companies. Based upon these and other considerations, in some instances we may choose a no-load share class having higher on-going expenses over an I share class that imposes sales charges but has a lower on-going expense ratio. Our share class selections are based upon then available information and circumstances, which may later turn out differently for many reasons beyond our control, including your changing investment objectives, financial needs, or time horizon. When clients come to us already owning mutual funds holding share classes that we would not necessarily have chosen, we may or may not recommend repositioning those holdings to obtain lower on-going expense ratios in view of tax consequences and other considerations associated with changing share classes. We believe this approach is appropriate because it more closely aligns our total compensation with our services and the types of securities held by of our clients.

Our primary objective in structuring our compensation from all sources is to keep our base advisory fees low, while maintaining flexibility in managing our client's portfolios. To accomplish this, we charge our investment advisory fees in addition to any sales charges, 12b-1 or custodial revenue sharing compensation, and we do not reduce our advisory fees to offset for our receipt of this third-party compensation. In many instances our Advisors may choose a no-load fund, particularly for smaller accounts, even though it has a higher expense ratio, because typically that share class is not economically constrained by transaction-driven fees or minimum holding periods. Fixed transaction-driven costs (e.g., \$25 per trade) impact smaller accounts having smaller transactions more than larger accounts having larger transactions.

### ***Mutual Fund Share Class Conflicts of Interest***

12b-1 fees for distribution and/or shareholder servicing and revenue sharing payments received from mutual funds and custodians pose potential conflicts of interest in our Advisor's choice of mutual funds, share class selection, and account custodian. We mitigate this conflict by requiring our Advisors to document the basis for their recommendations. Our Advisors are the investment decision-makers for our clients' accounts, so we retain at the firm level and do not payout any share of this compensation to our Advisors. We believe this approach mitigates the incentive for our Advisors to recommend one mutual fund company, share class, or account custodian over another.

At the time of making our mutual fund share class recommendations or selections, we provide clients with a written summary of information disclosed by each mutual fund company about the applicable sales charges, on-going asset-based fees, 12b-1 fees, revenue sharing, and ticket charges, and the reasons for our share class selection. See each mutual fund's prospectus and statement of additional information for more details about its available share classes, their attributes, and applicable loads, fees, other charges, and available break points. Ask us if you have questions about mutual funds, share classes, the pros/cons associated with available share classes, or our recommendation or selection of share classes.