

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

September 14, 2023

#### **Summit Capital Solutions, LLC**

SEC No. 801-106842

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This brochure provides information about the qualifications and business practices of Summit Capital Solutions, LLC. If you have any questions about the contents of this brochure, please contact 844-371-4718. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Summit Capital Solutions, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. We will provide you with interim disclosures about material changes as necessary. At this time there are no material changes.

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## **Item 4: Advisory Business**

### **A. Description of Your Advisory Firm**

Summit Capital Solutions, LLC ("SCS" and/or "the firm"), is a Limited Liability Company organized in the state of Tennessee. SCS is owned by James D. Webb Revocable Living Trust Agreement dated 08/14/2015 (50%) and Jeremy M. Rettich Revocable Living Trust Agreement dated 12/02/2011 (50%). Jeremy Rettich is the firm's Chief Executive Officer. SCS has been offering investment advisory services since October 2015.

### **B. Description of Advisory Services Offered**

SCS is an independent investment management firm providing asset management services as a sub-adviser to third-party investment advisers, who then offer such model portfolios to registered investment adviser firms subscribing to the third-party investment adviser's investment platform.

#### **Portfolio Management Services**

SCS's portfolio management services are generally offered through third-party investment advisers on a sub-advised basis utilizing model portfolio strategies described in Item 8 of this brochure. Responsibility for determining whether SCS's investment management services are appropriate for a particular client is vested exclusively with the investment adviser.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

SCS may develop customized portfolio holdings for the client. Clients select a category of risk based on an assessment of their individual risk tolerance and investment objectives, to which one or more model portfolios are then correlated. Clients may, however, impose reasonable restrictions on the management of their accounts—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

SCS does not participate in wrap fee programs, but acts as a portfolio manager within third-party wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2022, SCS managed \$0 in assets under management.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### Sub-Advisor - Portfolio Management Fees for Standard Model Portfolios

For clients who also retain the firm to provide portfolio management services, SCS's fee schedule is computed on the basis of the market value of the client's portfolio assets, payable in arrears, and is payable either monthly in arrears and are based on the average daily balance of the account during the month or computed on the last business day of the preceding quarter, the quarterly fee is charged at one-fourth the annual rate.

Summit provides advice as a sub-advisor to other registered investment adviser firms. For these services, Summit receives a sub-advisory fee that will be determined in a sub-advisory agreement between the parties. This fee typically ranges between 0.20% to 0.50%.

For investment management services, SCS generally may impose a minimum account size of \$25,000 for all model portfolios except certain low Minimum Investment portfolio, which may impose a minimum account size of \$2,000. The account minimum may be waived by the firm in its sole discretion. Investment management fees are always subject to the sub-adviser agreement between the third-party investment adviser and SCS as well as the investment advisory agreement between the client and SCS, if applicable. Fees are charged at the same frequency as the investment adviser charges their fees. The third-party investment adviser will compute the fees due SCS on a monthly or quarterly basis and remit such fees to SCS. The fees will be calculated the same way that the investment adviser calculates its fees. A sub-advisory agreement may be canceled at any time by the third-party investment adviser or by SCS subject to the terms of the sub-advisory agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable.

### B. Client Payment of Fees

SCS may be paid either directly by the third-party investment adviser pursuant to the terms of the written agreement between SCS and the third-party investment adviser, or by directly debiting the client's custodian account as described below.

To the extent that the third-party investment adviser directs SCS to directly debit fees from their client's custodian account, SCS will do so provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying SCS or their custodian in writing.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C. Additional Client Fees Charged**

The fees charged by SCS do not include fees charged by the client's third-party investment adviser, if applicable, exchange-traded funds (ETFs), mutual funds, Variable Annuities, and other Investment Managers, broker/dealers and custodians retained by clients, if any. Such fees and expenses are described in each Mutual Fund's and Variable Annuity's prospectus, each Manager's Form ADV Part 2A, Wrap Brochure or similar disclosure statement, and by any broker/dealer or custodian retained by a client. Mutual Fund, ETFs, Variable Annuities, and Manager fees generally include a management fee, fund expenses, and related fees. If a Mutual Fund also imposes sales and or early redemption charges, a client may pay an initial or deferred sales charge as further described in the Fund's prospectus. Refer to any respective Mutual Fund or Variable Annuity prospectus for a complete description of fees and services. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. Prepayment of Client Fees**

Depending on the terms of the advisor or sub-advisor agreement, SCS may be paid in advance for its investment advisory services. An agreement may be canceled at any time by the third-party investment adviser or client or by SCS subject to the terms of the advisory or sub-advisory agreement as applicable. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable.

### **E. External Compensation for the Sale of Securities to Clients**

Other than as disclosed in Item 10 of this Brochure, SCS's advisory professionals are compensated primarily by SCS in the form of a percentage of fees they collect for the assets they attract to SCS available investment models. SCS's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. SCS's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. SCS's advisory professionals may receive commission-based compensation for the sale of securities, if made through a FINRA member broker-dealer, and insurance products offered in conjunction with proper licensure. Please see Item 10.C. of this brochure for additional information on conflicts associated with the receipt of commission-based compensation.

In addition, from time to time, SCS may initiate incentive programs for RIAs. These programs may compensate them for attracting new assets and those promoting investment advisory services. SCS may also initiate programs that reward RIAs who meet total production criteria, participate in advanced training and/or improve client service. RIAs who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums, marketing assistance and recognition trips. These incentive programs are paid for by SCS and do not affect fees paid by the client.

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

SCS does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

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

SCS is an independent investment management firm providing asset management services as a sub-adviser to various third-party investment advisers (RIAs), which then offer such model portfolios to registered investment adviser firms subscribing to the third-party investment adviser's investment platform.



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

### A. Methods of Analysis and Investment Strategies

SCS's methods of analysis may include fundamental and technical analysis, quantitative methods for optimizing client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria. SCS may employ outside vendors or utilize third-party software to assist in formulating investment services to clients.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

#### Material Risks of Investment Instruments

SCS typically invests in equity securities, open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, SCS may affect transactions in the following types of securities:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- Corporate debt obligations

#### Equity Securities

Investing in individual companies involves inherent risk. Some of the major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### Warrants and Rights

SCS may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **Exchange-Traded Funds ("ETFs")**

SCS may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The

shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

## **B. Investment Strategy and Method of Analysis Material Risks**

#### **Summit Model Portfolio Strategies**

SCS offers the following model portfolio strategies as further discussed below, which are subject to change at any time in its discretion:

- Dual Momentum Sector Strength Conservative – This model seeks to provide exposure to up to 4 top-ranked broad U.S. economic sectors based upon SCS ranking methodology.

The strategy seeks to capitalize on historical tendencies of sectors to diverge from one another during the course of a major market cycle. Cash can represent up to 50% of this portfolio.

- Dual Momentum Sector Strength Balanced – This model seeks to provide exposure to up to 4 top-ranked broad U.S. economic sectors based upon SCS raking methodology. The strategy seeks to capitalize on historical tendencies of sectors to diverge from one another during the course of a major market cycle. Cash can represent up to 75% of this portfolio.
- Dual Momentum Sector Strength Aggressive - This model seeks to provide exposure to up to 4 top-ranked broad U.S. economic sectors based upon SCS raking methodology. The strategy seeks to capitalize on historical tendencies of sectors to diverge from one another during the course of a major market cycle. Cash can represent up to 100% of this portfolio.

### **Leverage**

Although SCS, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, SCS, will utilize leverage. In this regard, please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor. In addition, the use of leverage enhances the price volatility of the collateral securities which can result in significant loss.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a required margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **Short-Term Trading**

Although SCS, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-velocity trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **Short Selling**

SCS generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the borrowed security.

### **Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry and sector performance.

### **Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

SCS as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

### **Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

### **Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **Long Put Option Purchases**

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **Option Spreading**

Call option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder "locks in" a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. This is a long call spread position that represents a bullish posture on the underlying security.

Put option spreading usually involves the purchase of a put option and the sale of a put option at a lower contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to purchase protection on the underlying security and to partially offset the cost by selling the put option with a lower contract strike price. In this type of transaction, the spread holder has protection on the underlying that goes in to the money at the higher strike and provides protection all the way down to the lower strike. This is a long put spread position that represents a bearish posture on the underlying security.

Short Options spreads involve the sale of a call or put and the purchase of a corresponding call or put at a strike price that is further from the money than the call or put that was sold,

both having the same expiration month. This transaction is called a 'credit spread' because it produces a net credit to the account of the investor. The maximum profit is the credit that was collected by the investor. The maximum loss is the difference in contract prices reduced by the net proceeds collected by the investor when implementing the spread. This is a bullish position when selling a spread with puts and a bearish position when selling a spread with calls.

There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

#### **Inverse Funds**

An inverse ETF is an exchange-traded fund (ETF) or Mutual Fund (MF) that is constructed by using various derivatives for the purpose of profiting from a decline in the value of an underlying benchmark. Investing in these ETFs and or MF is similar to holding various short positions or using a combination of advanced investment strategies to profit from falling prices. Most leveraged and/or inverse ETFs and mutual funds "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time—over weeks or months or years—can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets. There is always a risk that not every leveraged and/or inverse ETF or mutual fund will meet its stated objective on any given trading day. Leveraged and/or inverse ETFs and mutual funds may be more costly than traditional ETFs and mutual funds, and may be less tax-efficient than traditional ETFs and mutual funds, in part because daily resets can cause the ETF or mutual fund to realize significant short-term capital gains that may not be offset by a loss. Be sure to check with your tax advisor about the consequences of investing in a leveraged and/or inverse ETF or mutual fund.

**There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.**

### **C. Concentration Risks/ Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (e.g., equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for more significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

SCS has nothing to disclose for this item.

### **B. Administrative Enforcement Proceedings**

SCS has nothing to disclose for this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

SCS has nothing to disclose for this item.



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

### **A. Broker-Dealer or Representative Registration**

RIAs (Sub-advisors) of SCS may also be agents/registered representatives of a non-affiliated firm such as a broker-dealer.

### **B. Futures or Commodity Registration**

Neither SCS nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and does not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

The following outside activities and affiliations create an additional conflict of interest in that SCS's President and RIAs' obligations to these outside interests may either conflict with the advisement provided by SCS or take up a substantial amount of their time and therefore the time spent on providing the advisory services described herein may be limited by SCS of their obligations to these outside interests. Although SCS's President and RIAs will devote as much time to the business and affairs of SCS as is reasonably necessary to deliver the advisory services described herein, they may devote a significant portion of their time to the affairs of these other activities and affiliations.

RIAs (Sub-advisors) of SCS may also be agents/registered representatives of a non-affiliated firm such as a broker-dealer or insurance agency, engaging in the business of selling life, health, long-term care, disability, and annuity insurance products as well as securities. As registered representatives, associates may receive separate compensation in the form of commissions for the purchase of securities through their affiliated broker-dealer as well as for the sale of insurance products. The receipt of commission compensation creates an incentive to recommend products that may be viewed in the best economic interests of SCS and its professionals versus those of its clients. Clients may use the insurance provider of their choice.

#### **Virtue Advisors, LLC ("VA")**

Jeremy Rettich is a licensed insurance agent, and the Chief Executive Officer and Member of VA, an insurance marketing firm. He may recommend insurance products offered through VA and receive a commission or indirect compensation for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that SCS strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with SCS's employing broker-dealer.

### **Virtue Capital Management, LLC ("VCM")**

SCS is affiliated with VCM, a registered investment adviser. Clients should understand that SCS does not offer separate account management services directly with end clients. Rather it may offer its services to clients of registered investment advisers under a sub-adviser relationship with various investment platforms including VCM. As such, SCS has an economic interest in recommending to potential end clients that they utilize the services of VCM. Such recommendation may be viewed as being in the best interests of SCS rather than in the best interests of the client.

### **Virtue Financial Advisors ("VFA")**

SCS is affiliated with VFA, a financial planning firm. Jeremy Rettich and Nomi Rettich are VFA's Members, and Jeremy Rettich is President of VFA. Clients of SCS may be offered advice or products by VFA. SCS acts in the best interest of the client, and clients are in no way required to implement a plan through any representative of SCS. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products to clients or prospective clients. Please also be advised that SCS strives to put its clients' interests first and foremost. Other than for certain insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with SCS's employing broker-dealer.

### **RIA Compliance Firm, LLC**

SCS is affiliated with RIA Compliance Firm, LLC ("RIACF"), a Tennessee limited liability company. Jeremy Rettich and James Webb have an ownership interest in and are officers of RIACF. RIACF offers investment advisers, including VCM and SCS, assistance with their compliance needs, and SCS or VCM may pay RIACF for services it provides to these and other investment advisers that utilize the sub-advisory services of SCS or VCM, its managers, its affiliates, or insurance services of Virtue Advisors. This creates a conflict of interest since the principals, employees or independent contractors of SCS and VCM, RIACF or Virtue Advisors may have a financial incentive to promote RIACF, and to have investment advisers use the services of RIACF. This also creates a conflict for third-party investment advisers that wish to use the services of RIACF and that receive a discount on the cost for such services due to their doing business with SCS or VCM or their affiliates and since a client may pay different fees as a result of the investment adviser choosing to do business with SCS or VCM as a result. Investment advisers are under no obligation to obtain services from SCS or VCM, its affiliates, or RIACF and clients are under no obligation to do business with an investment adviser, SCS or VCM or any of its affiliates that may be doing business with RIACF. This conflict is mitigated by the shared desire to provide the best possible compliance services in the most efficient manner to investment advisers to strengthen their ability to comply with applicable securities laws and industry best practices, which can serve to better protect clients. This conflict is also mitigated by an adviser's duty to serve the best interests of its clients regardless of what firm is providing that adviser with compliance services. This conflict is further mitigated by RIACF's use of independent contractors

and/or employees as consultants that have no interests in SCS or VCM, Virtue Advisors or other affiliates.

#### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

SCS may from time to time participate as a sub-advisor under other firms' advisory programs. A client of the other firm selects a registered investment adviser, such as SCS, from a list of approved advisers to provide investment management services. SCS receives a fee for account management services provided to clients of an outside firm as outlined in a sub-advisory agreement. This agreement may also outline items such as the advisory services to be provided, the responsibilities of SCS and the other firm, and the terms of engagement including fees and termination. Responsibilities such as collecting the client's investment objectives, determining the strategy best suited for the client, and communication with the client will be the responsibility of the outside firm. SCS has no responsibility to assess the value of services provided by the outside firm, therefore the client should evaluate whether such a program is suitable for their needs and objectives, and whether comparable or similar services are available at a lower cost elsewhere.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, SCS has adopted policies and procedures designed to detect and prevent insider trading. In addition, SCS has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. SCS will send clients a copy of its Code of Ethics upon written request.

SCS has policies and procedures in place that are designed to promote the interests of its clients such that they are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

SCS does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory).

SCS is affiliated with Virtue Capital Management, LLC. Clients should understand that SCS does not offer separate account management services directly with end clients. Rather it offers its services exclusively to clients of registered investment advisers under a sub-adviser relationship with various third-party investment advisers. As such, SCS has an economic interest in recommending to potential end clients that they utilize the services of Virtue Capital Management, LLC. Such recommendation may be viewed as being in the best interests of SCS rather than in the best interests of the client.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

SCS, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which SCS specifically prohibits. SCS has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow SCS's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

SCS, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may affect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. SCS will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of SCS to place the clients' interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### **Custodian Recommendations**

SCS generally operates as a sub-adviser to various third-party investment advisers. All custodian recommendations are provided by the investment adviser subscribing to the third-party investment adviser's investment platform. SCS uploads models to a third-party investment adviser platform, which effects the securities transactions through the platform sponsor's custodian.

SCS may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab" or "custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although SCS may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. SCS is independently owned and operated and not affiliated with custodian. For SCS client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

SCS considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by SCS, SCS will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by SCS will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### **How We Select Brokers/Custodians to Recommend**

SCS seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)

- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging transaction fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **Soft Dollar Arrangements**

SCS does not utilize soft dollar arrangements. SCS does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **Institutional Trading and Custody Services**

The custodian provides SCS with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

### Other Products and Services

Custodian also makes available to SCS other products and services that benefit SCS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of SCS's accounts, including accounts not maintained at custodian. The custodian may also make available to SCS software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of SCS's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help SCS manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of SCS personnel. In evaluating whether to recommend that clients custody their assets at the custodian, SCS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

### Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to SCS. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to SCS.

### Additional Compensation Received from Custodians [For all advisers that custody with a specific custodian]

SCS may participate in institutional customer programs sponsored by broker-dealers or custodians. SCS may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between SCS's participation in such programs and the investment advice it gives to its clients, although SCS receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations



- Research-related products and tools
- Consulting services
- Access to a trading desk serving SCS participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to SCS by third-party vendors

The custodian may also pay for business consulting and professional services received by SCS's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for SCS's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit SCS but may not benefit its client accounts. These products or services may assist SCS in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help SCS manage and further develop its business enterprise. The benefits received by SCS or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

SCS also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require SCS to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, SCS will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by SCS's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for SCS's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, SCS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SCS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence SCS's recommendation of broker-dealers for custody and brokerage services.

#### **The Firm's Interest in Custodian's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. Custodian's services may give the firm an incentive to recommend that clients maintain their

accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

### **Brokerage for Client Referrals**

SCS does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **Client-Directed Brokerage**

Occasionally, clients may direct SCS to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage SCS derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. SCS loses the ability to aggregate trades with other SCS advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### **Institutional Trading and Custody Services**

The custodian provides SCS with access to their institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a certain minimum amount of the adviser's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

### **Other Products and Services**

The custodian also makes available to SCS other products and services that benefit SCS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of SCS's accounts, including accounts not maintained at the custodian. The custodian may also make available to SCS software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts

- provide research, pricing and other market data
- facilitate payment of SCS's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help SCS manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of SCS personnel. In evaluating whether to recommend that clients custody their assets at the custodian, SCS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a conflict of interest. SCS mitigates this conflict by making custodian recommendations in conformity with the client's personal and financial circumstances and in the best interests of the client.

## **B. Aggregating Securities Transactions for Client Accounts**

### **Best Execution**

SCS, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. SCS recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. SCS will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is affected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates

- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, SCS seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of SCS's knowledge, these custodians provide high-quality execution, and SCS's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, SCS believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Security Allocation**

Since SCS may be managing accounts with similar investment objectives, SCS may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by SCS in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

SCS's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. SCS will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

SCS's advice to certain clients and entities and the action of SCS for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of SCS with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of SCS to or on behalf of other clients.

### **Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This

is true even if SCS believes that a larger size block trade would lead to best overall price for the security being transacted.

### **Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

SCS acts in accordance with its duty to seek best price and execution and will not continue any arrangements if SCS determines that such arrangements are no longer in the best interest of its clients.

### **Trade Errors**

From time to time, SCS may make an error in submitting a trade order on the client's behalf. When this occurs, SCS may place a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, the gain will remain in client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for client to retain the gain, or SCS confers with client and client decides to forego the gain (e.g., due to tax reasons).

If the gain does not remain in client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, SCS will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in client's account, they may be "netted."

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

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

SCS's portfolio manager reviews his model portfolios on at least a monthly basis.

### **B. Review of Client Accounts on Non-Periodic Basis**

SCS may perform ad hoc reviews on an as-needed basis if the client has imposed significant restrictions on SCS's management of the account or if there have been material changes in how SCS formulates investment advice or constructs its model portfolios.

### **C. Content of Client-Provided Reports and Frequency**

SCS does not provide any performance or other reports to third-party investment advisers or any subscribing investment adviser firm. To the extent Summit may manage an individual client account, the client will receive no less frequently than quarterly a statement from the custodian indicating holdings, transactions, and cash balance. The custodian is the official record of the client's account.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

SCS receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12: Brokerage Practices. The availability of Schwab's products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

### **B. Advisory Firm Payments for Client Referrals**

SCS does not pay for client referrals.

## Item 15: Custody

Under government regulations, SCS is deemed to have custody of a client's assets if the client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets. Please be advised that clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in their accounts.



## **Item 16: Investment Discretion**

SCS provides model portfolios to the third-party investment advisers. Although SCS does exercise investment discretion, it does so only with respect to the composition of its model portfolios.

To the extent SCS accepts and manages individual separately managed accounts, SCS will exercise discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

SCS does not take discretion with respect to voting proxies on behalf of its clients. SCS will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of SCS supervised and/or managed assets. In no event will SCS take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, SCS will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. SCS has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. SCS also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, SCS has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where SCS receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SCS does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

SCS does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.