
PLANNING
DIRECTIONS
INC.

A Registered Investment Adviser

239 Baltimore Pike
Glen Mills, Pennsylvania 19342

Form ADV Part 2A – Firm Brochure

Phone: (610) 361-0865

Fax: (610) 361-0869

Website: commoncentsplanning.com

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This brochure provides information about the qualifications and business practices of Planning Directions, Inc. If you have any questions about the contents of this brochure, please contact us at (610) 361-0865. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Planning Directions, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Planning Directions, Inc. is 120131.

Planning Directions, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2: Material Changes

Since their last annual update, March 6, 2023, the following material changes have occurred:

Item 4 – Effective July 1, 2023, William F. Muller is now CEO and 50% owner of the firm. Matthew Ellis is now President, Chief Compliance Officer and 50% owner of the firm.

Please note that this section only discusses changes that we consider material.

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Item 4: Advisory Business

Description of Advisory Firm

Planning Directions, Inc.'s registration was granted by the U.S. Securities and Exchange Commission on January 14, 2004. William F. Muller is CEO and 50% owner of the firm. Matthew Ellis is President, Chief Compliance Officer and 50% owner of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries which have any ownership interest in the firm. As of December 31, 2022, the firm managed \$334,376,326 on a discretionary basis and \$0 on a nondiscretionary basis.

Types of Advisory Services

Investment Management Services

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy statement. We design an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

Financial Planning

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to help achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Budgeting & Cash Flow Analysis:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should

be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

- **Education Planning:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Fringe Benefits Analysis:** We will provide review and analyze as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning Analysis:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Investment Analysis and Planning:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your retirement goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending

during your retirement years.

- **Income Tax Planning Analysis:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

The Adviser or the client may terminate the Advisory Agreement at any time on thirty (30) days prior notice. Notice shall be in writing and delivered to the appropriate party's last known address. Any unpaid fees as have been earned by the Adviser shall be paid within fifteen (15) days of the termination of this Agreement.

Client Tailored Services and Client Imposed Restrictions

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon a client Investment Policy Statement, which outlines each client's current situation (current assets, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Wrap Fee Programs

We do not participate in wrap fee programs.

Item 5: Fees and Compensation

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees and without penalty. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

With regard to **asset management** activities, the fee structure is as follows: less than \$500,000, fee of one (1%) percent annually; the next \$500,000, fee of .85% annually; for additional amounts over \$1,000,001, fee of three-quarters (.75%) percent annually. The fee is payable semi-annually in arrears by the client and is generally not negotiable. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as shown in the above chart, resulting in a combined weighted fee. For example, an account valued at \$2,000,000 would pay an effective fee of 0.84% with the annual fee of \$16,750.00. The semi-annual fee is determined by the

following calculation: $((\$500,000 \times 1.00\%) + (\$500,000 \times 0.85\%) + (\$1,000,000 \times 0.75)) \div 2 = \$8,375.00$. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from client accounts, or the client may choose to pay by check. Further, in the event that a client permits the firm to provide investment management services and such client indicates a statement of intent to subject a greater amount of funds to management within 13 months of the initiation of the arrangement, a fee based on the lesser amount will be imposed.

Regarding **financial planning fees**, the firm imposes an hourly fee of \$250.00. Fees are not negotiable. Compensation is payable upon provision of the financial planning advice. In the event of early termination by client, any fees for the hours already worked will be due.

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

We do not offer performance-based fees.

Item 7: Types of Clients

Types of clients serviced by the firm will be individuals, pension plans, profit sharing plans, trusts, estates and/or charitable organizations. Our minimum account size requirement is \$250,000.00.

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

The firm will use fundamental analysis as the method by which it analyzes securities.

Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities and

any other investment or security. Material risks associated with our investment strategies are listed below.

Market Risk: Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Strategy Risk: The Adviser's investment strategies and/or investment techniques may not work as intended.

Small and Medium Cap Company Risk: Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

Interest Rate Risk: Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

Inflation: Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

Common stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

Corporate Bonds are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity.

Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accumulate over time to face value at maturity. The market prices of debt securities (bonds) fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare

the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket.

Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

Investment Companies Risk. When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). Exchange Traded Funds (ETF's) are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

Item 9: Disciplinary Information

Not applicable/None.

Item 10: Other Financial Industry Activities and Affiliations

The associated persons of Planning Directions, Inc. (PDI) are registered representatives of Commonwealth Equity Services, Inc. DBA Commonwealth Financial Network ("Commonwealth"). They make securities recommendations to clients through Commonwealth. Commonwealth is a FINRA registered broker/dealer and is also licensed as a broker/dealer with the states in which Commonwealth's or its representatives offer securities to clients. The Associated Persons of PDI have the choice of recommending advisory (fee-based) accounts and services, commission-based accounts, or both, to any client. When the advisor acts in capacity of a broker/dealer registered representative by recommending a commission-based account, the advisor receives transactional commissions and mutual fund and money market 12b-1 fees based upon the specific investments recommended to the client. Associated Persons of PDI's ability to recommend both fee-based and commission-based accounts and services to any particular client creates a conflict of interest for your advisor because the advice or recommendations provided by your advisor in the selecting of fee-based or commission-based accounts and services will directly impact the type, nature, amount, and duration of the compensation your advisor will receive. Planning Directions, Inc. has a fee sharing arrangement with Commonwealth.

The Associated Persons of PDI are also licensed insurance agents, with the exception of Ms. Provost. Should you choose to purchase an insurance product from your advisor, you will pay commissions for these products which are in addition to the fees you pay for financial services. The receipt of additional compensation creates a conflict of interest. You are under no obligation to purchase insurance products or services from your advisor. You may purchase insurance products from the insurance agent of your choice. Similar products and services may be available at an equal or lower cost from other sources.

For asset management fee clients, Messrs. Dunbar, Muller, Ellis, Lake Jr., and Ms. Provost do not accept any asset-based sales charge (12B-1) or service fees from the sale of mutual funds.

1. Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us.
2. The firm charges firm fees and Messrs. Dunbar, Muller, Ellis, Lake Jr., and Ms. Provost may receive commission income as a result of product sales. Firm fees are not off-set by commission income.

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

Planning Directions, Inc. is in full compliance with its responsibilities under SEC Rule 204A-1 in which the firm has adopted a written code of ethics which, among other things, requires the firm's Chief Compliance Officer to monitor the personal securities transactions of associated persons, as well as to establish a framework of integrity and ethical behavior within the firm. A copy of the firm's code of ethics is available upon request to all clients and prospective clients.

The firm or individuals associated with the firm may buy or sell securities identical to those recommended to customers for their personal account.

It is the expressed policy of the firm that no person employed by the firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

The firm or any related person(s) may have an interest or position in a certain security (ies) which may also be recommended to a client.

As these situations may represent a conflict of interest, the firm has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of the firm shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of the firm shall prefer his or her own interest to that of the advisory client.

2. The firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Mr. Matthew Ellis, President and CCO.
3. The firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

The associated person of Planning Directions, Inc., and/or other employees of Planning Directions, Inc. may from time to time buy or sell for their own personal accounts securities which have also been recommended to clients. Any such securities transactions are likely to be insignificant in relation to the market as a whole. As a practice the transactions, if any, of Planning Directions, Inc. are executed after related client transactions have been executed. However, in all cases, full disclosure is provided to the client.

Investment Advice Relating to Retirement Accounts

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

Item 12: Brokerage Practices

The firm's associated persons are registered representatives of Commonwealth Financial Network. In the event that a client freely chooses to implement the advice through Planning Directions Inc., the broker/ dealer would be Commonwealth Financial Network. As registered representatives of Commonwealth, associated persons of Planning Directions Inc. are subject to FINRA Rule 3040. This Rule limits our associated persons to offering only those products that have been reviewed and approved by Commonwealth for sale to the public.

The following statement is made by Planning Directions, Inc.: (1) Associated persons of the firm are also associated with Commonwealth Financial Network (2) Clients are under no obligation to have the firm implement any suggestions made in a written financial plan. (3) If asked to implement the suggestions of the financial plan, the firm intends to implement such financial planning, in whole or in part through products offered by Commonwealth Financial Network (4) To the extent the firm's associated persons do implement, they will be acting as agents for the broker/dealer and/or the insurance company. (5) Although the firm's associated persons are registered representatives of Commonwealth Financial Network these advisory services provided herein are basically beyond the scope of employment with the broker/dealer and these services are independent from such employment with the broker/dealer. (6) If insurance or securities products are sold, commissions would be received by the associated persons of Planning Directions, Inc. (7) Clients shall have total freedom to execute securities and/or insurance transactions with any company of their choice. (8) It is likely that the firm and/or its associated persons if asked to implement will recommend or use only the financial products offered by Commonwealth Financial Network as stated above and that the financial plan could be limited by such products.

The associated persons of Planning Directions, Inc. may suggest that financial planning clients use Commonwealth Financial Network but are free to use a broker/dealer of their choice. However, if the financial planning client wishes to implement the plan through the associated persons of Planning Directions, Inc., then the broker/dealer used must be Commonwealth Financial Network

For hourly fee clients, transactions will be charged according to Commonwealth's then-current commission schedule and clients may pay higher commission rates and other fees than otherwise available.

All firm clients may be assessed transaction fees charged by custodians and/or product sponsors which are fully disclosed to the client. These fees and expenses are separate and distinct from any financial planning fee(s) charged by associated persons of Planning Directions, Inc.

Commonwealth offers our firm and our firm's advisory representatives one or more forms of financial benefits based on our advisory representatives' total AUM held at Commonwealth. The types of financial benefits that our advisory representatives may receive from Commonwealth include, but are not limited to, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest, and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

Aggregating (Block) Trading for Multiple Client Accounts

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We typically do not engage in block trading, however we do have the ability to do so. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to routinely implement all client orders on an individual basis. Therefore, we do not typically aggregate or “block” client transactions.

Considering the types of investments, we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

In the event we do decide to execute trades as a block trade, we will distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance of the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Item 13: Review of Accounts

We strongly suggest that clients submit to a review on at least an annual basis. Clients are advised that a change in their personal situation, financial situation or laws should trigger a review, even if more frequently than on an annual basis. These reviews will be performed by Mr. Muller, Mr. Ellis, Mr. Lake Jr. and/or Ms. Provost. With respect to financial planning clients, an annual review is recommended. With respect to asset management clients, a semi-annual review shall be undertaken for most clients.

Item 14: Client Referrals and Other Compensation

We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

We do not have custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

For client accounts when we directly debit our advisory fee:

- i. Planning Directions, Inc. has authorized Commonwealth Financial Network to generate a fee statement, which are reviewed by Planning Directions, Inc. and mailed to client.
- ii. The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
- iii. The client will provide written authorization to us, permitting Planning Directions, Inc. to be paid directly from their accounts held by the custodian.

Item 16: Investment Discretion

For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold.

Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

Item 17: Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

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

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We do not have custody of client funds or securities or require or solicit client prepayment in advance.