

# **Trutoro**

## **Form ADV Part 2A Disclosure Brochure**

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**August 24, 2023**

This Disclosure Brochure provides information about the qualifications and business practices of Veritas Independent Partners LLC d/b/a Trutoro which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this Brochure. Additional information about Trutoro is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Trutoro has attained a certain level or training.

## Item 2 Summary of Material Changes

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

Since the filing of our last annual updating amendment, dated February 9, 2022, we made the following material changes:

### Item 4, *Advisory Business*

- Debra Shannon has now assumed additional compliance responsibilities and is serving as our Chief Compliance Officer.

### Item 12 Brokerage Practices

- Updated to reflect Charles Schwab & Co., Inc. as custodian.

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## Item 4 Advisory Business

### Who We Are

Veritas Independent Partners, LLC, doing business as Trutoro (hereinafter referred to as "Trutoro", "the Company", "we", "us", and "our") is a registered investment adviser primarily based in Conway, Arkansas. We have been providing investment advisory services since 2014. We are organized under the laws of the State of Arkansas

### Owners

The following are the Company's principal owners:

Rebecca G. Murdoch	Managing Member	CRD# 3171059
Debra Shannon	Managing Member & Chief Compliance Officer	CRD# 5021297

### Our Mission

Our mission is to work alongside and assist you with managing your finances and implement investment strategies focused on our individual needs and expectations. We make it our priority to keep you focused on where you want to go, offer advice on how to get there, and continually remind you of the importance of maintaining a disciplined investment approach.

Our investment adviser representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this Disclosure Brochure. However, the exact services you will receive and the fees you will be charged are dependent upon your investment adviser representative. Fees may also vary depending on the geographic location of our clients and/or investment adviser representatives. Our investment adviser representatives are instructed to consider the individual needs of each client when recommending services, strategies and providing recommendations.

Please know that our investment adviser representatives and branch offices may use marketing names or other names that are held out to the public. Such names are known as "doing business as" names. The purpose of using a name other than Trutoro is for the investment adviser representative to create a brand that is specific to the investment adviser representative and/or branch, but separate from Trutoro. While we allow our investment adviser representatives to use a name other than Trutoro, the investment adviser representatives must disclose on advertising and client correspondence that securities and advisory services are offered through Trutoro.

### **Assets Under Management**

As of December 31, 2022, Trutoro provides continuous management services for \$138,316,880 in client assets on a discretionary basis and \$354,211 in client assets on a non-discretionary basis. Client assets are held at custodians T.D. Ameritrade and SEI Private Trust Co.

### **What We Do**

We provide portfolio management solutions and financial planning services. Our advisory services begin with stressing the importance of you making fiscally responsible decisions and disciplined economic choices in your personal life based on your monetary goals for today's needs, tomorrow's dreams, and to build a lasting future legacy.

We believe that success, achievement, and contentment in life have little to do with personal wealth but are instead related to lifestyle choices. These lifestyle choices are your unique values, life goals, and future plans. Therefore, the economic solutions we develop, whether through portfolio management and/or with the design of a financial plan, reflect how you define true wealth — not us. Our services include:

### **Portfolio Management**

Our Portfolio Management strategies focus on designing a portfolio allocation of equity ("stock") positions, fixed income/debt ("bond") instruments, investment company ("mutual funds") products, and exchange-traded funds ("ETFs") to seek the best return on your investment capital relative to your investment parameters.

With the complexity of today's marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful management strategy and tailored asset allocation guidelines.

In our meetings with you, we will gather information on your current income and expenses, career, personal goals, investment return expectations, and prior investment experience. In addition, we have you complete a profile questionnaire<sup>1</sup> to provide us a picture of your financial needs. If you have difficulty expressing your monetary needs or do not truly have a grasp of your overall personal finances, a financial plan may be suggested before proceeding with any portfolio management services.

Our meetings with you to discuss your finances, and, if necessary, develop a financial plan, will help to eliminate much of the guesswork in helping you achieve the security and independence you desire and simplify your financial alternatives. In return, we will have:

- Defined and narrowed objectives and investment options
- Identified areas of greatest distress;
- Developed a strategy for addressing concerns about the future
- Cultivated peace of mind; and
- Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare at minimum an investment plan that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This investment plan will guide us in the management of your account(s), and as a standard against which to measure future results and to make modifications where necessary. We will honor any reasonable restrictions on investing in certain securities or types of securities imposed by you in writing.

You can find more information about our management services under "Portfolio Management Fee" in Item 5, "Fees & Compensation" below, and further description of our investment strategies under Item 8, "Methods of Analysis, and Investment Strategies & Risk of Loss."

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<sup>1</sup> *The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.*

## **Selection of Other Advisers**

We offer third party money manager ("TPMM") services through SEI Private Trust Co. ("SEI"). We will monitor SEI's performance to ensure its management and investment style remains aligned with your investment goals and objectives.

SEI will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire SEI and/or reallocate your assets to other TPMMs where we deem such action appropriate.

## **Financial Planning**

### What is a Financial Plan?

Financial planning is an evaluation of the investment and financial options available to you based upon your defined lifestyle choices. Planning includes: (i) attempting to make optimal decisions; (ii) projecting the consequences of these decisions for you in the form of a financial plan – a working blueprint; and, (iii) implementing the protocols to achieve the objectives of the plan. Once complete, the financial plan, or working blueprint, becomes the plumb line to compare future financial performance to be sure you are achieving your economic goals and objectives.

### Financial Planning Composition

A financial plan is a mutually defined review, analysis, and evaluation of your personal financial needs. In general, our financial planning may encompass one or more of the following areas of financial need as communicated by you:

- Personal – Family records, budgeting, personal liability, estate information, and financial goals.
- Education – Education IRAs, financial aid, and state savings plans including 529 plans, grants, and general assistance in preparing to meet dependents' continuing education needs through the development of an education plan.
- Taxes and Cash Flow – Understanding the impact of various investments on current and future income tax liability.
- Survivor and Beneficiary Planning – Cash needs at death, income needs of surviving dependents, estate planning, and income analysis.
- Estate – Reviewing estate-planning documents, including wills and trusts to determine whether you should seek the assistance of an estate-planning attorney. Reviewing powers of attorney, nursing home and assisted living agreements, living trusts, and Medicare/Medicaid benefits.
- Retirement – Analysis of current strategies and investment plans to help achieve retirement goals.
- Investments – Analysis of investment alternatives including risk and return analysis and their effect on your investment portfolio(s). Assessment of your risk tolerance profile.
- Real Estate – Analysis of real estate investment opportunities.
- Insurance–Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

## **Preparing the Financial Plan**

We gather the necessary information to complete our analysis through personal interviews and review of various documents you supplied. Information<sup>2</sup> gathered may include statements regarding your current financial status, a list of assets, insurance, wills and/or trust documents, income and expenses, Social Security eligibility, and other information based on your financial status and future goals. Information about our planning fees can be found under "Financial Planning Fee" below in Item 5, "Fees & Compensation".

## IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. 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.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

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<sup>2</sup>All information provided by and to you will be kept entirely confidential. Such information will be disclosed to third parties only with mutual written consent or as may be permitted by law.

## Item 5 Fees and Compensation

### Portfolio Management Fee

Portfolio management is provided on an asset-based fee arrangement. Management fees are calculated based on the aggregate market value of your account on the last day of the calendar month. See "Billing" below under "Protocols for Portfolio Management" for more information on how the fee is calculated.

We retain discretion to negotiate the management fee within each tier on a client-by-client basis depending on the size and complexity of the portfolio managed. The tier breaks are as follows:

<b>Asset Fee Tier</b>	<b>Maximum Fee Rate*</b>
Up to \$49,000	2.00%
\$50,000 to \$99,999	1.75%
\$100,000 to \$249,999	1.50%
\$250,000 to \$999,999	1.25%
\$1,000,000 or more	1.00%

\*The Client's Advisory Agreement will contain the actual amount of the Client's Advisory Fee Rate(s), the applicable Asset Tiers and whether tiers will be determined at the household or individual account level.

Special circumstances may require an adjustment to this schedule. We generally require a minimum initial investment of \$200,000 to open a managed account; however, we retain the right to waive or reduce this minimum if we feel circumstances are warranted. All management fees will be fully disclosed to you in an Investment Advisory Agreement prior to conducting any portfolio management services.

### **Protocols for Portfolio Management.**

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for portfolio management; (iii) deposits and withdrawing funds from your account(s); and, (iv) other fees charged to your account(s).

#### Discretion

Unless you request otherwise, we will establish discretionary trading authority on all management accounts to execute securities transactions at any time without your prior consent or advice. At any time, however, you may impose restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

#### Billing

Your account will be billed a fee monthly in arrears based on the fair market value of your portfolio that falls within the tier of our fee schedule.

#### *For example:*

Account Value as of January 31: \$1,000,000 (Assumes account was opened on or before January 1.)  
Annual Fee 1%. Annual Fee = \$10,000 (amount paid will be 1/12 of \$10,000 or \$833.33/for the month of January).

For new managed accounts opened after the first of the month, the management fee will be based upon a pro-rated calculation. The calculation will be based on your asset balance on the last day of the month beginning with the date you signed your Customer Agreement.

Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

Trutoro relies on industry standard data feeds from third-party software providers to generate our billing and reporting invoices. On occasion, there can be a minor discrepancy due to trade settlements or corporate reorganizations that are pending settlement at the end of the month. These pending transactions could cause a difference in your market value that is reported on your invoice versus your custodial statement. We calculate fees based on the end of month balance provided by Schwab or TD Ameritrade (until the transfer to Schwab). In the event you identify a discrepancy, please contact our firm at 501-358-6131. Additionally, the information from the data feeds may include minor rounding errors. Where your custodial statement may include four digits past the decimal point, our third-party software providers may include more or less than four digits past the decimal which could cause a minor rounding error. These minor rounding errors can cause the market values to reflect differently than what is shown on your custodial statement. In all cases, the rounding error does not materially impact the value shown on your billing statement.



We encourage you to reconcile our fee invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our fee invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this firm brochure.

### Fee Exclusions

The above fees for all of our management services are exclusive of any charges imposed by the custodial and/or brokerage firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund, and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expenses, such as: redemption fees, account fees, and purchase fees may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

### **Termination of Portfolio Management**

To terminate investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination (i.e.; To terminate services on October 1st, a request for termination should be received in our office by September 1st.). Such notification should include the date the termination will go into effect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the first/last day of a calendar month, Trutoro shall be entitled to a pro-rated amount of the monthly management fee based upon the number of days assets were held in the month before the termination notice goes into effect. Once the termination of portfolio management services has been implemented, neither party has any obligation to the other – we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

### **Selection of Other Advisers**

The advisory fees charged by SEI are separate and apart from our advisory fees. Assets managed by SEI will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Fee* section above in this brochure. Advisory fees that you pay to SEI are established and payable in accordance with the brochure SEI provided. These fees may or may not be negotiable. You should review SEI's brochure and take into consideration SEI's fees along with our fees to determine the total amount of fees associated with this program.

### **Financial Planning Fee**

How we charge to develop a financial plan depends on the size, complexity, and nature of your personal and financial situation and the amount of time it will take to analyze and summarize the plan and perform the services you desire.

Financial planning services are offered at an hourly rate of \$150. Planning fees may be significantly reduced or waived if we manage your portfolio account. Our financial advisors may also give you a quote for a one-time fee for financial planning services.

The Financial Planning fee will be fully disclosed up-front in a Financial Planning Agreement, which will include the cost<sup>3</sup> to review your financial information and prepare the comprehensive financial plan. We have the option to:

1. Require full payment up-front; or
2. Require one-half the fee to be paid at the time the Agreement is signed with the remaining balance due upon completion of the financial plan<sup>4</sup>.

#### Financial Planning Termination

You can terminate the Financial Planning Agreement at any time prior to the presentation of any final planning documents. We will be compensated through the date of termination for time spent on the design of such financial documents at the hourly rate agreed to in the Agreement. If you have prepaid any fees, such un-earned fees will be returned on a pro-rata basis. After the financial plan has been completed and presented to you, termination of the Agreement is no longer an option.

#### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange-traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange-traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange-traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

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<sup>3</sup>Rarely will a fee exceed those costs outlined in the Agreement. However, there can be instances where we did not contract with you to perform a particular task and therefore merit notifying you of the additional cost prior to beginning such services.

<sup>4</sup>The recommendations made in a financial plan are generally completed within 30 to 45 days from you signing the Agreement. However, implementing the plan using outside professionals (i.e., attorneys, CPAs, etc...) may require additional time that is out of our control. Therefore, when we refer to the completion of the financial plan, we are referring to us (you and us together) finalizing your financial benchmarks/objectives before approaching any outside professional.

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

Persons providing investment advice on behalf of our firm may also be registered representatives with Trutoro, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm may also be licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

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

## **Item 7 Types of Clients**

The types of clients we offer advisory services to include individuals and their family members, foundations and endowments, charitable organizations, corporations and/or small businesses, trusts, guardianships, and estates.

As stated in Item 5 above, we generally require a minimum initial investment of \$200,000 to open a managed account.

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

Our investment adviser representatives use various methods of analysis and investment strategies. Methods and strategies will vary based on the investment adviser representative providing advice. Models and strategies used by one investment adviser representative may be different than strategies used by other investment adviser representatives.

Some investment adviser representatives may use just one method or strategy while other investment adviser representatives may rely on multiple methods or strategies. We do not require or mandate a particular investment strategy be implemented by our investment adviser representatives. Further, we do not have requirements for using a particular analysis method, and investment adviser representatives are provided flexibility (subject to our supervision and compliance requirements) when developing their investment strategies.

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by our firm and our investment adviser representatives.

With the ever-evolving dynamics of our U.S. financial markets, the economy, and the influence of global emerging markets, we feel that a more proactive approach to portfolio management is necessary to achieve the long-term returns you desire. In an ideal world, we would want to "buy-and-hold" a stock forever, enjoying the long-term growth of the investment... in today's economic environment this is an unrealistic expectation. Conventional "buy-and-hold" strategies are not designed to reduce your exposure in fluctuating or declining financial markets. We feel that because of these

evolving dynamics in the financial markets, a more proactive approach to portfolio management is necessary to achieve the long-term returns you desire. Our portfolio management philosophy is comprised of five basic premises:

1. **Preserve Capital** – Strive to keep losses minimal while maximizing overall returns.
2. **Liquidity** – invest in securities that are actively traded in the financial markets.
3. **Performance** – Strive to provide consistent performance – maintain investment objectives.
4. **Intensity** – Success comes with a focused and disciplined investment strategy.
5. **Simplicity** – Keep it simple.

Our portfolio management services take into consideration these market characteristics and tailor portfolios using a mix of equity ("stock") positions, options (derivatives), fixed income/debt ("bond") instruments, investment company ("mutual funds") products, and exchange-traded funds ("ETFs") to achieve the best return on your investment capital.

### **Methods of Analysis**

In analyzing securities for inclusion in a portfolio, we will use a combination of analysis techniques to gathering information and to guide us in our management decisions.

### **Fundamental Analysis**

Fundamental analysis considers economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios, and tax benefits. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

### **Quantitative Analysis**

Quantitative analysis seeks to understand the behavior of a security using mathematical and statistical modeling to measure certain unique characteristics such as, for example, revenues, earnings, margins, and market share. Mathematical and statistical modeling helps us to ascertain security price and risk to ultimately help identify profitable opportunities.

### **Technical Analysis**

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that the Company will be able to accurately predict such a reoccurrence.

### **Cyclical Analysis**

Market cycles provide historic tried and true timing mechanisms to indicate turning points in future market prices. By tracking historic data through charts and graphs we can improve entry and exit strategies. The primary risk of using cyclical analysis is that past performance cannot guarantee to future results.

Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company's value and the strength of its financials while quantitative analysis assists us with portfolio optimization techniques. Technical analysis is short-term focusing on the statistics generated by market activity; and, cyclical analysis provides us with historical data on market trends to focus our technical analysis for ideal entry/exit points.

## **Investment Strategies**

We are not bound to a specific investment strategy or ideology for the management of your investment portfolio. We understand markets and money made from increased stock values have a greater risk (volatility) than money earned from dividends (secure and stable) in income-oriented securities. Our goal is to balance making and earning money by maintaining a disciplined management approach, regardless of the strategy, so as to not sacrifice long-term goals for short-term gains. However, our investment strategies generally incorporate one or more of the following research tools in analyzing the securities to include in your portfolio:

- **Upward Earnings Estimate Revisions** – This fundamental approach utilizes the power of earnings estimates revisions made by Wall Street security analysts who daily fine-tune upward or downward their earnings expectations. The marketplace reacts to surprises or changes in expectations as stock prices reflect new information about the companies not previously known.
- **Relative Strength** – Price momentum must accompany good fundamentals so relative strength plays a very important role and typically leads us to stocks with a higher probability of outperforming the market.
- **Offense or Defense** – We use technical market indicators based on the irrefutable law of supply and demand to determine whether offense or defense is dictated. These indicators have been in existence for almost 40 years.
- **Bottom-Up Approach** – Our investment criteria is not bound to trying to pick sectors or industries to invest in. Instead, we look at the broad universe of large and mid-cap stocks whose earnings estimates and price behavior are up-trending, then consider them for inclusion in a client's portfolio. Diversification and balance are then implemented to control overall risk levels.
- **Momentum**–This is the theory that the previous period's winners carry their momentum for a period into the future. This research is used in selecting certain securities for a portfolio.

There is always a time to buy and a time to sell even the most attractive investment; we do not feel compelled to be fully invested in stocks, mutual funds, or ETFs when an alternative investment (cash reserves and/or bonds) offers a more attractive opportunity. In fact, it is our belief that avoiding severe losses is more important in determining overall market performance over the course of an entire market cycle.

## **Managing Risk**

The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as market risk factor, also known as variability or volatility risk. Other important risk factors:

- **Interest Rate Risk** – Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- **Equity Risk** – Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- **Currency Risk** – Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- **Inflation Risk** – The reduction of purchasing power of investments overtime.
- **Commodity Risk** – Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc.).

The risk factors we have cited here are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. Other risks that we have not defined could be political, over-concentration, and liquidity to name a few. However, notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide in the management of your investment portfolio, investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.

## **Item 9 Disciplinary Information**

We have no legal or disciplinary events to report.

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

### **Registrations with Broker-Dealer**

Trutoro is also a broker-dealer and FINRA member firm. Persons providing investment advice on behalf of our firm may also be registered representatives with Trutoro a securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). These dually registered representatives of Trutoro, in their capacity as registered representatives, may sell insurance and investment products through the broker/dealer, generating revenue for the broker-dealer and commissions for the registered representatives. This creates a conflict of interest, as these individuals are incented to recommend investment products based on the compensation received, rather than on the client's needs.

See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Licensed Insurance Agency**

Our firm is also licensed as an insurance agency. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

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

### **Code of Ethics**

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just, and good by promoting:

- Honest and ethical conduct.
- Full, fair, and accurate disclosure.
- Compliance with applicable rules and regulations.
- Reporting of any violation of the Code.
- Accountability.

### **Client Transactions**

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

### **Insider Trading Policy**

We comply with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public information with anyone who does not need to know and has set-up internal controls to guard your personal information.

### **Class Action Policy**

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class-action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

### **Personal Trading**

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative ("IAR"), or who has discretion over your account, shall 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 employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We receive duplicated statements of all outside accounts for our access employees. Our Chief Compliance Officer or her designee reviews these accounts on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Aggregating Trade Orders" below under Item 12, "Brokerage Practices") may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Chief Compliance Officer or her designee to ensure that such activities do not impact upon your security or create conflicts of interest.

## **Item 12 Brokerage Practices**

Accounts held at TD Ameritrade Institutional are being transferred to Charles Schwab & Company in the near future. Disclosures for Schwab are now included in your Form ADV along with the TD Ameritrade disclosures. When we submit our annual updating amendment in early 2024, we will remove all references to TD Ameritrade.

### **Custodian & Brokerage Services**

The Company has established custodial relationships with SEI, Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade, Inc. ("TD Ameritrade"). TD Ameritrade and Schwab are licensed broker/dealers and members of FINRA and SIPC. SEI, Schwab and TDA are qualified custodians.

Our selected custodians offer us services, which include custody of securities, as well as brokerage services, including trade execution, clearance, and settlement of transactions. Our recommendation for you to custody your assets with either of these institutions has an indirect correlation to the services we receive and the investment advice we offer you, since we do receive economic benefits through our relationship with these institutions that are typically not available to retail clients. These benefits are described below in additional detail.

We are not a subsidiary of, or an affiliated entity of, SEI, Schwab or TD Ameritrade. We are solely responsible for investment advice rendered, and our advisory services are provided separately and independently of both these financial institutions.

### **Brokerage for Client Referrals**

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

### **The custodian and brokers we use - Charles Schwab (Schwab)**

We do not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc., a registered broker-dealer, member SIPC, as the qualified custodian, when utilizing our Portfolio Management Services, unless a third-party money manager is selected through SEI.

We are independently owned and operated and are not affiliated with Schwab, TD Ameritrade or SEI. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 Client referrals and other compensation. You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab for most services we offer, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

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

We seek to use Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)



- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds ("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 the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

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

For our client accounts maintained at Schwab, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

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

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets.

The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

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

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

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

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

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **Best Execution**

We have a fiduciary duty to put your interests before our own, including our duty to seek best execution when placing your transactions through particular brokerage firms. We will generally place your transactions through you're the brokerage firm affiliated with your custodian. You should know that, when placing your transactions through Schwab or SEI, we may be unable to achieve the most favorable execution for your transaction, and this may cost you more money.

The advisory support services we receive from SEI, Schwab or TD Ameritrade creates an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with either of these institutions may have been influenced by these arrangements/services. We have recommended these institutions based on:

1. Their competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with the staff of both institutions.

Since we do not recommend or suggest the execution services of firms other than SEI and Schwab (and formerly TD Ameritrade), and we have not verified whether their transaction fees are competitive, best execution may not always be achieved. Therefore, you do not have to accept our recommendation to use either of these financial institutions. However, if you direct us to use another brokerage firm when placing your transactions, you should know that this may cost you more money, as we may not be able to negotiate commissions and/or transactions costs, and may be unable to aggregate your order to achieve more favorable pricing.

### **Aggregating Trade Orders**

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as "best execution") for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- Security Trading Volume – Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- Number of Clients – The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition, preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- Financial Instruments – The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

If you would like additional information on our trading allocation policies, a copy is available for review upon request.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## Item 13 Review of Accounts

### Portfolio Management Reviews

Each account is reviewed on an ongoing basis by Debra Shannon, CCO, or her designee to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive monthly or quarterly statements from the financial institution where your account(s) are custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions.

You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

### Financial Planning Reviews

Your advisor will work closely with you to be sure the action points identified in the financial plan have been or are being properly executed. Once the action points have been completed, the financial plan should be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

## Item 14 Client Referrals and Other Compensation

### Referral Compensation

We do not receive any economic benefit from an independent party for managing your account(s).

### Advertising and Referral Program

Some investment professionals of the firm utilize an advertising and referral program for investment professionals offered through the Ramsey Solutions' SmartVestor program, (hereinafter, "SmartVestor") for client referrals within a specific geographic region. SmartVestor is offered by Dave Ramsey, a media personality. Referred prospects are not required nor obligated in any way to work with the Adviser.

Those financial professionals of the firm that choose to participate in SmartVestor, pay a monthly membership and advertising fee for leads made available through the SmartVestor website. The monthly fee is not contingent on a referral becoming a client or on the number of referrals that are received. SmartVestor provides prospective clients with three to five potential investment professionals (Pros) located in the individual's general geographic area. If more than five Pros are located within the specific market assigned to the client's zip code, SmartVestor issues a random selection of five Pros to the prospective client.

Unless the prospective client opts out of having their contact information shared, each SmartVestor Pro will generally contact a referred client within one business day of receiving the contact information. If the prospective client opts out of sharing their contact information, the prospective client determines whether to contact our firm from the investment professionals listed on the website. SmartVestor's role is limited to facilitating an initial introduction between the prospective clients and our firm. The SmartVestor program does not provide prospective clients with an assessment of the merits or

shortcomings of any particular investment professional or their investment strategies. SmartVestor is a lead generation service and does not provide investment advice. You will not pay additional fees because of this referral arrangement.

Although this is an advertising and referral program, it is also considered a "solicitor" arrangement by the SEC. For that reason, we will provide all referred prospects with a copy of the applicable disclosure document as required under SEC Rule 206(4)-3(a)(2)(iii)(B) of the Advisers Act, and request that you sign a copy for our records. This disclosure document will provide you with information about our arrangement with SmartVestor.

The selection of an investment adviser is important and should not be based solely on advertising or referrals, including referrals from entities affiliated with well-known personalities. Individuals that are referred to the firm through Dave Ramsey's Ramsey Solutions are free to work with any investment adviser or financial professional of their choosing.

Generally solicitors receive payment if a referral becomes a client but in the case of SmartVestor, the monthly membership and advertising fee are paid regardless of the number of referrals the financial professional receives and it is not based on whether or not the referred prospect becomes a client. You do not pay additional fees because of the financial professional's participation in the SmartVestor program.

#### **Other Compensation (Indirect Benefit)**

The Company receives an indirect economic benefit from Schwab and SEI (See "Custodial Services" above under Item 12, "Brokerage Practices" for more detailed information on these services and products could be.).

#### **Financial Planning Compensation**

You are cautioned to consider your options carefully when the advisors of Trutoro suggest the need for outside consultations and professional services (e.g. attorneys, CPAs, insurance agents, and securities representatives) to implement certain aspects of an estate or financial plan. Even though we do not share in any fees earned by the outside professionals when implementing a financial plan, it does create an incentive on our part to refer your business to only those professionals that in turn refer potential clients to us. (See "Other Financial Industry Activities & Affiliations" for other disclosures relating to affiliated services.) This can eliminate the possibility for you to be referred to someone who may provide equivalent professional services, and possibly at a lower cost.

Therefore, to ensure you understand the choices and risks you have in receiving financial planning along with all other investment recommendations, the following disclosures are provided to assist you with your decisions:

- You are under no obligation to have any related parties that we recommend prepare planning documents (i.e.; financial, estate, tax, etc.). You are free to choose those outside professionals to implement the recommendations made in the financial or estate plan.
- Certain aspects of a financial plan require the assistance of a Registered Representative of a broker-dealer and/or licensed insurance agent of an insurance company to execute the transaction. Regardless of who performs the transaction(s), such a person will be entitled to earn a commission.
- We do not receive any economic benefit from referring you to another professional without first notifying you of such possibilities.

Notwithstanding such potential conflicts of interest, we strive to serve your best interest and ensure such disclosure is being properly made to you in compliance with the Investment Advisers Act of 1940, Rule 275.206.

## Item 15 Custody

### Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with one of the qualified custodians we recommend, as indicated above in Item 12, "Brokerage Practices."

We are, however, defined as having custody since you have authorized us to deduct our advisory fees directly from your account. To protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- Your funds and securities will be maintained with a qualified custodian (SEI and/or Schwab) in a separate account in your name.
- Authorization to withdraw our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.
- At the time we notify the financial institution to withdraw our monthly fee from your account, this fee will be itemized on your account statement for your review.
- Your qualified custodian is required by law to send you at least quarterly brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. You are encouraged to contact Trutoro should you have any questions or concerns regarding the statement or fees that have been withdrawn.

## Item 16 Investment Discretion

Unless you request otherwise, we have you execute our Investment Advisory Agreement which sets forth our discretionary trading authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval. You may, at any time, impose restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

## Item 17 Voting Client Securities

Trutoro will not vote nor advise clients how to vote proxies for securities held in client accounts. The client maintains the authority and responsibility for the voting of these proxies. The firm and its clients agree to this by contract.

Clients will receive their proxies or other solicitations directly from the transfer agent, qualified custodian, or broker-dealer where applicable. Clients may contact Trutoro if they have questions about a particular solicitation.

## Item 18 Financial Information

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1200. We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Policy**

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class-action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.