

# Disclosure Brochure

May 19, 2023

## **BRUTON**CHISNELL ADVISORS

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This brochure provides information about the qualifications and business practices of Bruton Chisnell Advisors, LLC (hereinafter "Bruton Chisnell"). If you have any questions about the contents of this brochure, please contact James Bruton at (610) 518-3900. 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 Bruton Chisnell is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Bruton Chisnell is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Bruton Chisnell is required to discuss any material changes that have been made to the brochure since the last annual amendment filed on March 22, 2022. There are no such material changes to disclose.

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## Item 4. Advisory Business

Bruton Chisnell is an investment adviser providing financial planning, consulting, and investment management services. Prior to engaging Bruton Chisnell to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Bruton Chisnell setting forth the terms and conditions under which Bruton Chisnell renders its services (collectively the "Agreement").

Bruton Chisnell has been in business as an investment adviser since January 2018, when the firm purchased substantially all the assets and liabilities of Bruton Financial Advisors, LLC, which had been in business as a registered investment adviser since June 2004. James M. Bruton, Benjamin C. Bruton, and Michael A. Chisnell, Jr. are the principal owners of Bruton Chisnell. Bruton Chisnell had \$514,207,790 in assets under management as of March 1, 2023, of which \$360,650,271 was managed on a discretionary basis and \$153,557,519 on a non-discretionary basis.

This disclosure brochure describes the business of Bruton Chisnell. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Bruton Chisnell's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Bruton Chisnell's behalf and is subject to Bruton Chisnell's supervision or control.

### **Financial Planning and Consulting Services**

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Bruton Chisnell may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). These services are tailored to the individual needs of the client.

In performing its services, Bruton Chisnell is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Bruton Chisnell may recommend the services of itself, its Supervised Persons in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Bruton Chisnell recommends its own services. The client is under no obligation to act upon any of the recommendations made by Bruton Chisnell under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Bruton Chisnell itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Bruton Chisnell's recommendations. Clients are advised that it remains their responsibility to promptly notify Bruton Chisnell if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Bruton Chisnell's previous recommendations and/or services.

### **Investment Management Services**

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Clients can engage Bruton Chisnell to manage all or a portion of their assets on a discretionary or non-discretionary basis.

The firm primarily allocates clients' investment management assets among Independent Managers (as defined below) and mutual funds, and to a lesser extent among exchange-traded funds ("ETFs"), individual debt and equity securities as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. Bruton Chisnell also provides advice about any type of investment held in clients' portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

Bruton Chisnell also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Bruton Chisnell either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Bruton Chisnell tailors its advisory services to the individual needs of clients. Bruton Chisnell consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Bruton Chisnell ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Bruton Chisnell if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Bruton Chisnell's management services.

### **Use of Independent Managers**

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As mentioned above, Bruton Chisnell recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between Bruton Chisnell or the client and the designated Independent Managers. Bruton Chisnell renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of Independent Managers. Bruton Chisnell also monitors and reviews the account performance and the client's investment objectives. Bruton Chisnell receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When recommending or selecting an Independent Manager for a client, Bruton Chisnell reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that Bruton Chisnell considers in selecting or recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Bruton Chisnell's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Bruton Chisnell, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to Bruton Chisnell's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than Bruton Chisnell. In such instances, Bruton Chisnell may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## Item 5. Fees and Compensation

Bruton Chisnell offers its services on a fee basis, which includes hourly and/or fixed fees, as well as fees based upon assets under management. In addition, certain of Bruton Chisnell's *Supervised Persons* offer securities brokerage and insurance services under a commission arrangement.

### Financial Planning and Consulting Fees

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Bruton Chisnell may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$2,500 on a fixed fee basis and/or from \$100 to \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. These services are only available after an initial consultation for which Bruton Chisnell usually charges a fixed fee of \$500. If the client engages or has previously engaged Bruton Chisnell for additional investment advisory services, Bruton Chisnell may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Bruton Chisnell to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Bruton Chisnell setting forth the terms and conditions of the engagement. Generally, Bruton Chisnell requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

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Bruton Chisnell provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Bruton Chisnell. Bruton Chisnell's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Bruton Chisnell does not, however, receive any portion of these commissions, fees, and costs. Bruton Chisnell's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Bruton Chisnell on the last day of the previous quarter. The annual fee varies depending upon the market value of the assets under management, as follows:

<b>PORTFOLIO VALUE</b>	<b>BASE FEE</b>
up to \$1,000,000	1.00%
\$1,000,001 - \$5,000,000	0.70%
\$5,000,001 - \$15,000,000	0.30%
Above \$15,000,000	negotiable

In addition, the Firm reserves the right to charge a minimum fee of 1.50% on accounts that are under \$150,000 in value.

### **Fee Discretion**

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Bruton Chisnell, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

### **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Bruton Chisnell generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“Fidelity”) and/or Charles Schwab & Co., Inc (“Schwab”) for investment management accounts.

Bruton Chisnell may only implement its investment management recommendations after the client has arranged for and furnished Bruton Chisnell with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Fidelity, Schwab, any other broker-dealer recommended by Bruton Chisnell, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institutions”).

Clients incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Bruton Chisnell’s fee.

### **Fee Debit**

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Bruton Chisnell’s Agreement and the separate agreement with any Financial Institutions may authorize Bruton Chisnell or Independent Managers to debit the client’s account for the amount of Bruton Chisnell’s fee and to directly remit that management fee to Bruton Chisnell or the Independent Managers. Any Financial Institutions recommended by Bruton Chisnell have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Bruton Chisnell. Alternatively, clients may elect to have Bruton Chisnell send an invoice for payment.



**Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a pro rata basis.

The Agreement between Bruton Chisnell and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Bruton Chisnell's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Bruton Chisnell's right to terminate an account. Clients may withdraw account assets on notice to Bruton Chisnell, subject to the usual and customary securities settlement procedures. However, Bruton Chisnell designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Additions may be in cash or securities provided that Bruton Chisnell reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Bruton Chisnell may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed \$100,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

**Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with Bruton Chisnell (but not Bruton Chisnell) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Bruton Chisnell. Under this arrangement, clients may implement securities transactions through certain of Bruton Chisnell's Supervised Persons in their respective individual capacities as registered representatives of Valmark Securities, Inc. ("Valmark"), an SEC registered broker-dealer and member of FINRA. Valmark may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by Valmark to such Supervised Persons. Prior to effecting any transactions clients are required to enter into a new account agreement with Valmark. The brokerage commissions charged by Valmark may be higher or lower than those charged by other broker-dealers. In addition, certain of Bruton Chisnell's Supervised Persons may receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

A conflict of interest exists to the extent that Bruton Chisnell recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation (the "Brokerage Relationship"). Because the Supervised Persons

receive compensation in connection with the sale of securities in the Brokerage Relationship, a conflict of interest exists as such Supervised Persons, have an incentive to recommend more expensive securities or services to clients where such Supervised Persons earn more compensation with respect to the sale of such securities through the Brokerage Relationship. This includes an incentive to choose a mutual fund share class that is more expensive to the client, but results in more compensation to the Supervised Person and/or the Firm. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of that client. For accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that Bruton Chisnell, in its sole discretion, deems appropriate, Bruton Chisnell provide its investment advisory services to certain clients on a fee-offset basis. In this scenario, Bruton Chisnell offsets its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of Valmark.

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

Bruton Chisnell does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

Bruton Chisnell provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, banking and thrift institutions and corporations and business entities.

### **Minimum Fee**

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As a condition for starting and maintaining a relationship, Bruton Chisnell generally imposes a minimum annual fee of \$5,000. This minimum fee may have the effect of making Bruton Chisnell's services impractical for certain clients, particularly those with portfolios less than \$500,000 under Bruton Chisnell's management. Bruton Chisnell, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than Bruton Chisnell. In such instances, Bruton Chisnell may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

Bruton Chisnell's primary method of analysis is fundamental.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. Bruton Chisnell will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. 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.

Bruton Chisnell meets with the client to determine their individual risk tolerance and develop an asset allocation plan that is tailored to the investment objectives of the client. In designing the asset allocation, Bruton Chisnell primarily utilizes no-load mutual funds, but may also use the types of securities discussed above in Item 4. Bruton Chisnell reviews the asset allocation with the client prior to implementing it. Bruton Chisnell then meets with the client on at least an annual basis to review the current allocation and suggest necessary changes.

### Mutual Funds and ETFs

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An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's ETF's shares trading at a premium or discount to NAV.

### Market Risks

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The profitability of certain of Bruton Chisnell's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Bruton Chisnell will be able to predict those price movements accurately.

### Use of Independent Managers

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Bruton Chisnell may recommend the use of *Independent Managers* for certain clients. Bruton Chisnell will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great

extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Bruton Chisnell does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

**Risk of Loss**

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Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

**Item 9. Disciplinary Information**

Bruton Chisnell is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Bruton Chisnell does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

Bruton Chisnell is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Valmark Relationship**

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As discussed above in Item 5, certain of Bruton Chisnell's Supervised Persons are registered representatives of Valmark.

### **Additional Business Relationships with Independent Managers**

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As discussed above, Bruton Chisnell recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. One of these Independent Managers may include Valmark through its corporate registered investment advisory firm. Bruton Chisnell recommends Valmark's investment advisory firm because of the program that it offers and not due to the firm's other business relationship with Valmark.

### **Receipt of Insurance Commission**

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Certain of Bruton Chisnell's Supervised Persons, in their individual capacities, are also licensed insurance agents. When appropriate, these Supervised Persons, in their individual capacities, may recommend the purchase of certain insurance products to advisory clients on a fully-disclosed commission basis. A conflict of interest exists to the extent that Bruton Chisnell recommends the purchase of insurance products where its Supervised Persons receive insurance commissions or other additional compensation. As a result Bruton Chisnell has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of its clients.



## Item 11. Code of Ethics

Bruton Chisnell and persons associated with Bruton Chisnell (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Bruton Chisnell’s policies and procedures.

Bruton Chisnell has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“Code of Ethics”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Bruton Chisnell or any of its associated persons. The Code of Ethics also requires that certain of Bruton Chisnell’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Bruton Chisnell’s Code of Ethics, none of Bruton Chisnell’s Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Bruton Chisnell’s clients. Access Persons can trade as part of a batch with clients.

When Bruton Chisnell is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Bruton Chisnell is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Bruton Chisnell to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, Bruton Chisnell generally recommends that clients utilize the brokerage and clearing services of Fidelity and/or Schwab.

Factors which Bruton Chisnell considers in recommending Fidelity, Schwab, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity and Schwab enable Bruton Chisnell to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity and/or Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Bruton Chisnell's clients comply with Bruton Chisnell's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Bruton Chisnell determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Bruton Chisnell seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Bruton Chisnell periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Bruton Chisnell in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Bruton Chisnell will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Bruton Chisnell (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Bruton Chisnell may decline a client's request to direct brokerage if, in Bruton Chisnell's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be affected independently, unless Bruton Chisnell decides to purchase or sell the same securities for several clients at approximately the same time. Bruton Chisnell may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Bruton Chisnell's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Bruton Chisnell's clients pro rata to the purchase and sale orders placed for each client

on any given day. To the extent that Bruton Chisnell determines to aggregate client orders for the purchase or sale of securities, including securities in which Bruton Chisnell's Supervised Persons may invest, Bruton Chisnell generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Bruton Chisnell does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Bruton Chisnell determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Bruton Chisnell may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Bruton Chisnell in its investment decision-making process. Such research generally will be used to service all of Bruton Chisnell's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Bruton Chisnell does not have to produce or pay for the products or services.

#### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain Supervised Persons in their respective individual capacities, are registered representatives of Valmark. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless Valmark provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through Valmark unless they first secure written consent from Valmark to execute securities transactions through a different broker-dealer. Absent such written consent or separation from Valmark, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than Valmark under Valmark's internal supervisory policies.

Bruton Chisnell is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Software and Support Provided by Financial Institutions**

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Bruton Chisnell receives from Fidelity and/or Schwab, without cost to Bruton Chisnell, computer software and related systems support, which allow Bruton Chisnell to better monitor client accounts maintained at Fidelity and Schwab. Bruton Chisnell receives the software and related support without cost because Bruton Chisnell renders investment management services to clients that maintain assets at Fidelity and Schwab. The software and related systems support may benefit Bruton Chisnell, but not its clients directly. In fulfilling its duties to its clients, Bruton Chisnell endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Bruton Chisnell's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Bruton Chisnell's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Fidelity also makes available to the Firm, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Bruton Chisnell (within specified parameters). These research and brokerage services are used by the Firm to manage accounts for which it has investment discretion.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Fidelity and Schwab. Fidelity and Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Fidelity and Schwab generally do not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Fidelity and Schwab or that settle into Fidelity and Schwab accounts.

Fidelity and Schwab also make available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Fidelity and Schwab. Other potential benefits may include occasional business entertainment of personnel of Bruton Chisnell by Fidelity and Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Bruton Chisnell in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such

as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Fidelity and Schwab. Fidelity and Schwab also make available to Bruton Chisnell other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Fidelity and Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Fidelity and Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Bruton Chisnell endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Fidelity and Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity and Schwab, which creates a potential conflict of interest.

#### **Trade Correction Policy**

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Bruton Chisnell has procedures in place to limit any trade errors by the firm. Where trade errors do occur, however, corrections are submitted to client custodians to restore the affected client to the condition he/she expects to be in which can result in a gain or loss to the client. These trade corrections are processed out of trade correction accounts set up with custodians creating either a gain or loss from each correction within it. Some custodians absorb gains or losses generated under \$100.

Bruton Chisnell has procedures in place so that gains from corrections are processed at a regular interval and paid out to a charity of either the firm's choice or the custodian's choice. The firm will compensate the client (either through a refund or fee reduction) for any additional trading costs due to the error (including the erroneous trade and costs to fix the trade, but not the amount that the client would have paid for the proper trade). The firm believes that this process fully restores the client to the condition they would have been had the trade error not occurred.

The firm believes that this policy is in the best interest of clients. Bruton Chisnell does not receive any kind of financial compensation from the receiving charity to entice more trade corrections, but nevertheless recognizes that a conflict of interest exists to the extent that donations to charities may confer benefits to the donors.

**Fidelity RIA Group**

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Additionally, Bruton Chisnell receives the following benefits from Fidelity through the Fidelity Institutional Wealth Services Group and Schwab through the Schwab Institutional Division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the respective investment adviser group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Item 13. Review of Accounts**

For those clients to whom Bruton Chisnell provides investment management services, Bruton Chisnell monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Bruton Chisnell provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Bruton Chisnell’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Bruton Chisnell and to keep Bruton Chisnell informed of any changes thereto. Bruton Chisnell contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Bruton Chisnell provides investment advisory services will also receive a report from Bruton Chisnell that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis or as clients may request. Clients should compare the account statements they receive from their custodian with those they receive from Bruton Chisnell.

Those clients to whom Bruton Chisnell provides financial planning and/or consulting services will receive reports from Bruton Chisnell summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Bruton Chisnell.

## Item 14. Client Referrals and Other Compensation

Bruton Chisnell does not currently provide compensation to any third-party solicitors for client referrals.

### Other Compensation

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The Firm receives economic benefits from Fidelity and Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.



## Item 15. Custody

Bruton Chisnell's *Agreement* and/or the separate agreement with any *Financial Institution* authorize Bruton Chisnell through such *Financial Institution* to debit the client's account for the amount of Bruton Chisnell's fee and to directly remit that management fee to Bruton Chisnell in accordance with applicable custody rules.

The *Financial Institutions* recommended by Bruton Chisnell have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Bruton Chisnell. In addition, as discussed in Item 13, Bruton Chisnell also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Bruton Chisnell.

## Item 16. Investment Discretion

Bruton Chisnell is given the authority to exercise discretion on behalf of clients. Bruton Chisnell is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. Bruton Chisnell is given this authority through a power-of-attorney included in the agreement between Bruton Chisnell and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Bruton Chisnell takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

Bruton Chisnell may vote client securities (proxies) on behalf of its clients. When Bruton Chisnell accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in Bruton Chisnell's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Bruton Chisnell's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Bruton Chisnell to request information about how Bruton Chisnell voted proxies for that client's securities or to get a copy of Bruton Chisnell's Proxy Voting Policies and Procedures. A brief summary of Bruton Chisnell's Proxy Voting Policies and Procedures is as follows:

- Bruton Chisnell has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Bruton Chisnell's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Bruton Chisnell devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Bruton Chisnell's vote on a particular solicitation but can revoke Bruton Chisnell's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Bruton Chisnell maintains with persons having an interest in the outcome of certain votes, Bruton Chisnell takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

**Item 18. Financial Information**

Bruton Chisnell does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Bruton Chisnell is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Bruton Chisnell has no disclosures pursuant to this Item.

# BRUTONCHISNELL

— ADVISORS —

Prepared by:



MARKETCOUNSEL<sup>®</sup>  
*The Adviser's Advisor<sup>®</sup>*