Item 1 Cover Page

Keene & Dorchak

SEC File Number: 801 - 47662
CRD Number: 107961

ADV Part 2A, Brochure
Dated: March 14, 2023

Contact: John Keene, Chief Compliance Officer
1701 River Run, Suite 1012
Fort Worth, TX 76107
Tel (817) 336-4500
Fax (817) 336-4544
www.keeneassociates.com

This Brochure provides information about the qualifications and business practices of Keene & Dorchak, d/b/a Keene & Dorchak (the "Registrant"). If you have any questions about the contents of this Brochure, please contact John Keene at 817-366-4500 or JKeene@KeeneDorchak.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the Registrant also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Registrant as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

Since its last Annual Amendment filed on March 14, 2022, this Brochure has been materially changed as follows:

- Item 4 has been updated to clarify that the Registrant does not offer financial planning.
- Item 17 has been updated to reflect the Chicago Clearing Corporation's Fair Fund Policy for class action settlements.

In addition to the above material changes, the Registrant has made disclosure changes, enhancements and additions below at Items 4, 5, 7, and 17.

ANY QUESTIONS: Keene & Dorchak's Chief Compliance Officer, John Keene, remains available to address any questions that an existing or prospective client may have regarding any of these changes or any other aspect of this Brochure.

Item 3 Table of Contents

Item 4 Advisory Business

A. Keene & Associates, Inc. d/b/a Keene & Dorchak ("Registrant") is a Texas Corporation formed in 1994. Registrant became registered as an investment adviser with the Securities and Exchange Commission on September 19, 1994. Registrant is principally owned by John Keene, who is also the Registrant's President, Chief Investment Officer, and Chief Compliance Officer.

B. Registrant offers investment advisory services to its clients as described below.

INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary or non-discretionary investment advisory services on a fee-only basis as discussed at Item 5 below. Registrant's investment advisory services include portfolio management.,.

Before engaging the Registrant to provide investment advisory services, clients are required to enter into a Portfolio Management Agreement setting forth the terms and conditions of the engagement. An investment adviser representative will first determine each client's investment objectives, and then allocate or recommend that the client allocate investment assets consistent with the client's investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to each client's investment objectives and may execute trades or recommend that clients approve trades as necessary based on these reviews.

MISCELLANEOUS

No Financial Planning or Non-Investment Consulting/Implementation Services. Registrant **does not** provide financial planning nor related consulting services matters such as estate planning, tax planning, insurance, etc. **Please Note**: We **do not** serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as same. Accordingly, we **do not** prepare estate planning documents or tax returns, not do we offer or sell insurance products.
To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents). Clients are reminded that they are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. If the client engages any unaffiliated recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional.

Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account, and client is unavailable, Registrant will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

Client Obligations. In performing our services, Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

Investment Risk. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

Retirement Rollovers. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, this recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) compensation as a result of the rollover. If Registrant provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Registrant is acting as a fiduciary 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. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. Registrant's Chief Compliance Officer, John Keene, remains available to address any questions that a client or prospective client may have about the conflict of interest presented by rollover recommendations.

Use of Mutual Funds and Exchange Traded Funds. Registrant utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Custodian Charges-Additional Fees. As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including *Schwab*, generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note**: there can be no assurance that *Schwab* will not change their transaction fee pricing in the future. **Please Also Note:** *Schwab* may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. **Tradeaways**: When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by *Schwab*). The above fees/charges are in addition to Registrant's investment advisory fee at Item 5 below. Registrant does not receive any portion of these fees/charges.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are unnecessary. Clients remain subject to the fees described in Item 5 below during periods of portfolio inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by the Registrant will be profitable or equal any specific performance level(s).

Cash Positions. Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

Cash Sweep Accounts. Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, Registrant shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless Registrant reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account. **ANY QUESTIONS**: Registrant's Chief Compliance Officer, John Keene, remains available to address any questions that a client or prospective client may have regarding the above

Asset Aggregation / Reporting Services. Registrant may provide access to account reporting services via ByAllAccounts, which can incorporate client investment assets that are not part of the assets that Registrant manages (the "Excluded Assets"). Unless agreed to otherwise, **the client and/or his/her/its other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets**. Unless also agreed to otherwise, Registrant does not provide investment management, monitoring or implementation services for the Excluded Assets. If the Registrant is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client can engage Registrant to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Investment Advisory Agreement* between Registrant and the client. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by Registrant. Accordingly, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third-party reporting platforms without Registrant's participation or oversight.

Cybersecurity Risk. The information technology systems and networks that Registrant and its third-party service providers use to provide services to Registrant's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Registrant's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Registrant are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Registrant has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Registrant does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

C. Registrant shall provide investment advisory services specific to the needs of each client. To commence investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Then, Registrant will invest or recommend that the client invest their assets consistent with their investment objectives. The client may, impose reasonable restrictions in writing to limit Registrant's services at any time.

D. Registrant does not sponsor a wrap program or offer investment advisory services on a wrap-fee basis.

E. As of December 31, 2022, Registrant had $ 162,648,692 in assets under management on a discretionary basis and $ 447,983in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A. **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary or non-discretionary investment advisory services as described above. The Registrant's annual investment advisory fee is based upon a percentage of the market value placed under the Registrant's management, generally as follows:

Market Value of Portfolio	Annual Fee %
The First $1,000,000	1.00%
Additional Assets between $1,000,000 and $3,000,000	0.75%
Additional Assets between $3,000,000 and $5,000,000	0.50%
Additional Assets exceeding $5,000,000	Negotiable

The Registrant may, in its sole discretion, determine to aggregate account values for related clients (such as spouses and minor children sharing the same residence) for the purpose of reducing the overall investment advisory fee.

Registrant generally requires a minimum account size of $250,000 for investment advisory services.

Registrant, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, 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, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note**: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS**: Registrant's Chief Compliance Officer, Name of John Keene, remains available to address any questions that a client or prospective client may have regarding advisory fees.

B. Clients may elect to have Registrant's fees deducted from their custodial accounts. The Portfolio Management Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for Registrant's fees and directly remit that fee to Registrant in compliance with regulatory procedures. In the event that Registrant bills the client directly, payment is due upon receipt of Registrant's invoice. Registrant generally deducts or bills clients for its fees quarterly in arrears, based upon the average month-end market value of client assets under management for the three months in the previous quarter.

C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant generally recommends that clients use Charles Schwab and Co., Inc. an SEC-registered broker-dealer/custodian, FINRA and SIPC-member ("Schwab") for client investment management assets. Broker-dealers such as Schwab charge transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds and mark-ups and mark-downs are charged for fixed income transactions). In addition, client accounts may invest in open-end mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e., management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by the Registrant. Client assets can be invested in a share class of a mutual fund with internal fees and expenses that are higher than one or more other available share classes of the fund.

D. Registrant generally deducts or bills clients for its fees quarterly in arrears, based upon the average month-end market value of client assets under management for the three months in the previous quarter. Registrant's policy is to treat intra-quarter account additions and withdrawals equally and does not charge for intra-quarter additions or withdrawals unless indicated to the contrary on Registrant's Portfolio Management Agreement executed by the client. Upon termination of the Portfolio Management Agreement, Registrant will debit the account / bill the client for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter.

E. Neither Registrant, nor its representatives, accepts compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Registrant is not a party to any performance or incentive-related compensation arrangements with its clients.

Item 7 Types of Clients

Registrant's clients shall generally include individuals, high net worth individuals, banking or thrift institutions, corporations and other business entities, etc. Registrant, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, 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, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note**: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. All clients and prospective clients should be guided accordingly.

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

A. Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts);
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices); and

Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year);
- Short Term Purchases (securities sold within a year); and
- Trading (securities sold within thirty (30) days).

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

B. Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Registrant must have access to current / new market information. Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

At any time and for a substantial length of time the Registrant may hold a significant portion of a client's assets in cash or money market mutual funds. Investments in these assets may cause a client to miss out on upswings in the markets. Unless the Registrant expressly agrees otherwise in writing, account assets consisting of cash and money market mutual funds are included in the value of an account's assets for purposes of calculating our fees discussed in Item 5.

Currently, Registrant primarily allocates investment assets among mutual funds, exchange traded funds, individual equities, individual bonds and bond funds on a discretionary or non-discretionary basis, in accordance with the client's designated investment objective(s). Each type of investment has its own unique set of risks associated with it. The following provides a short description of some of the underlying risks associated with the types of investments that Registrant uses or recommends:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors) but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Item 9 Disciplinary Information

There are no legal or disciplinary events to report that are material to an existing or prospective client's evaluation of the Registrant's advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

A. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

C. The Registrant does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person required to be disclosed in this Item 10.C.

D. Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

A. Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Registrant or any person associated with Registrant.

B. Neither Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which Registrant or any related person of Registrant has a material financial interest.

C. Registrant and/or representatives of Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a <u>conflict of interest</u>. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Registrant's clients) and other potentially abusive practices.

Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's "Access Persons". Registrant's securities transaction policy requires that an Access Person of Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Registrant selects.

D. Registrant and/or representatives of Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a <u>conflict of interest</u>. As indicated above in Item 11.C, Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment advisory accounts be maintained at Schwab. However, the majority of the Registrant's client assets under management are currently maintained at a custodian other than Schwab. Prior to engaging Registrant to provide investment advisory services, the client will be required to enter into a formal Portfolio Management Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Schwab (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions. To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to Registrant's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, Registrant shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

1. Research and Additional Benefits

   Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant can receive from Schwab (or another broker-dealer/custodian, investment manager, platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Registrant can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

   Registrant's clients do not pay more for investment transactions effected or assets maintained at a Schwab or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements.

Schwab Advisor Services

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like the Registrant. It provides Registrant and its clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services and "Additional Benefits." Some of those support services and Additional Benefits help Registrant manage or administer its clients' accounts while others help Registrant manage and grow its business. Schwab may also provide monetary assistance to Registrant to defray certain costs towards certain technology, compliance, legal, business consulting and other related expenses. Below is a more detailed description of Schwab's support services:

Services that Benefit the Client

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 Registrant might not otherwise have access or that would require a significantly higher minimum initial investment by Registrant's clients. Schwab's services described in this paragraph generally benefit Registrant's clients and their accounts.

Services that May Not Directly Benefit the Client

Schwab also makes available to us other products and services that benefit Registrant but may not directly benefit Registrant's clients or their accounts. These products and services assist Registrant in managing and administering its clients' accounts. They include investment research, both Schwab's own and that of third parties. Registrant may use this research to service all or a substantial number of its 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; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Registrant

Schwab also offers other services intended to help Registrant manage and further develop its business enterprise. These services include:

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

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Registrant. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Registrant with other benefits such as occasional business entertainment of its personnel.

The availability of these services from Schwab benefits Registrant because it does not have to produce or purchase them. Registrant is not required to pay for Schwab's services so long as it maintains a total of at least $10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon Registrant committing any specific amount of business to Schwab in trading commissions or assets in custody. The $10 million minimum provides Registrant an incentive to suggest that clients maintain their account with Schwab based on Registrant's receipt of Schwab's services rather than based on its clients' needs. This presents a conflict of interest. Registrant believes that its selection of Schwab as custodian and broker is nevertheless appropriate.

Registrant's Chief Compliance Officer, John Keene, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the conflicts of interest presented.

2. Registrant does not receive referrals from broker-dealers.

3. Directed Brokerage: Registrant recommends that its clients utilize the brokerage and custodial services provided by Schwab. Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, a 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. In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. Registrant's Chief Compliance Officer, John Keene, remains available to address any questions that a client or prospective client may have regarding the above arrangements.

B. Transactions for each client account generally will be executed independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by Registrant’s Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review investment objectives and account performance with Registrant on an annual basis.

B. Registrant may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

A. As referenced in Item 12 above, the Registrant receives economic benefits from Schwab.

B. Registrant does not compensate, directly or indirectly, any person, other than its representatives, for new client referrals. However, Registrant previously participated in the Schwab Advisor Network™ (the “Service,”) through which Registrant received client referrals in exchange for payments to Schwab. While Registrant no longer participates in the Service and no longer receives client referrals from Schwab, the Registrant continues to pay Schwab for clients previously referred by Schwab during its participation in the Service (the “Participation Fee”).

Registrant is independently owned and is not affiliated with Schwab. There is no employee or agency relationship between Schwab and Registrant. Schwab established the Service as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services to independent investment advisers. Schwab does not supervise Registrant and has no responsibility for the management of Registrant's clients' portfolios or other advice or services Registrant offers.

The Participation Fee paid by Registrant is a percentage of the fees the referred client owes to Registrant or a percentage of the value of the assets of such clients' accounts, subject to a minimum. Registrant continues to pay Schwab the Participation Fee as long as the applicable referred client's account remains in custody with Schwab. The Participation Fee is paid by Registrant and not the Registrant's clients. Registrant does not charge clients referred through the Service fees greater than the fees it charges clients with similar portfolios that were not referred through the Service.
Registrant pays Schwab an additional fee if custody of a referred client's account is not maintained by, or is transferred from, Schwab (the "Custody Fee.") The Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. It does not apply if the client is solely responsible for the decision not to maintain custody at Schwab. The Custody Fee is generally higher than the Participation Fee that Registrant would pay on an account annually. This raises a conflict of interest, since Registrant has an incentive to recommend to its clients that accounts established while Registrant participated in the Service continue to be held in custody at Schwab.

Item 15 Custody

Registrant shall have the ability to have its investment advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of Registrant's investment advisory and planning fee calculation.

Item 16 Investment Discretion

Clients can engage Registrant to provide investment advisory services on a discretionary basis. Prior to Registrant assuming discretionary authority over a client's account, the client is required to enter a Portfolio Management Agreement, granting Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Registrant on a discretionary basis may impose reasonable restrictions, in writing, on Registrant's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Registrant's use of margin, etc.).

Item 17 Voting Client Securities

A. Registrant will vote proxies for all securities that it has purchased for clients' accounts, based upon its reasonable judgment of the vote most likely to produce favorable financial results for the client. Proxy votes generally will be cast in favor of proposals that appear to maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals appearing to have the opposite effect. However, Registrant will consider both sides of each proxy issue. Unless Registrant receives specific written instructions from the client, it will not vote proxies based upon social considerations.

Clients seeking to direct the Registrant with respect to a particular proxy vote should contact Registrant's Chief Compliance Officer, John Keene.

Conflicts of interest could arise with respect to certain proxy issues. If Registrant determines in its sole discretion that a material <u>conflict of interest</u> exists, it will take the necessary steps to resolve the conflict before voting the proxies. For example, Registrant may: disclose the existence and nature of the conflict to the affected client, and seek direction from such client as to how to vote on a particular issue; abstain from voting, particularly if there are conflicting interests for the client (for example, where the clients account(s) hold different securities in a competitive merger situation); retain an independent third-party to cast a vote; or take other necessary steps designed to ensure that a decision to vote is in the affected client's best interest.

The client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the assets managed by Registrant, including, but not limited to, class action lawsuits. Registrant has identified an unaffiliated service provider, Chicago Clearing Corporation-("CCC") to assist the client, for a fee, (generally 15% of the recovery, subject to a minimum fee of $100,_with class-action matters. Registrant shall not receive any compensation from the service provider. **<u>Please Note</u>**: The client is under no obligation to engage the service provider. **<u>Please Also Note</u>**: Registrant does not participate in class action proceedings on behalf of its clients. Thus, if the client chooses not to engage CCC, the client will be exclusively responsible to monitor and pursue all class action claims..

Copies of the Registrant's Proxy Voting Policy and information about how Registrant voted on any specific proxy issue are available upon written request.

<u>Fair Fund Process</u>. In the event that CCC is required to process a Fair Fund payment (i.e., a fund established by the SEC to distribute money to defrauded investors), CCC shall deposit the gross settlement into the client's account. However, CCC, unlike its does for class action settlements, will not deduct its percentage fee from the client 's gross settlement. Rather, CCC shall accrue its Fair Fund fee and deduct it from the client's subsequent class action settlement(s).

Item 18 Financial Information

A. Registrant does not solicit fees of more than $1,200, per client, six months or more in advance.

B. Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

C. Registrant has not been the subject of a bankruptcy petition.