

# Valley Brook

## CAPITAL GROUP

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**February 22, 2023**

This Brochure provides information about the qualifications and business practices of Valley Brook Capital, Inc.. If you have any questions about the contents of this Brochure, please contact us at 724-941-8625 or [rpulit@valleybrookcg.com](mailto:rpulit@valleybrookcg.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Valley Brook Capital Group, Inc. is a registered investment adviser located in Pennsylvania and conducts its advisory business under the names of Valley Brook Capital Group and MST Wealth Advisors, LLC. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Valley Brook Capital Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

Since our last annual updating amendment, dated March 8, 2022, we have the following material change to report:

- We have amended Item 5, *Fees and Compensation*, to disclose a new annual assets under management fee schedule as follows:
  - Up to \$1,000,000 - 1.00%
  - \$1,000,001 to \$4,000,000 - 0.90%
  - \$4,000,001 to \$6,000,000 - 0.75%
  - Above \$6,000,000 - negotiable

A complete copy of our Brochure may be requested by contacting Robert Pulit, Chief Compliance Officer, at 724-941-8625 or [rpulit@valleybrookcg.com](mailto:rpulit@valleybrookcg.com). Our Brochure is also available free of charge, on our web site, at [www.valleybrookcg.com](http://www.valleybrookcg.com).

Additional information about Valley Brook Capital Group, Inc. is available by accessing the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Valley Brook Capital Group, Inc. who are registered, or are required to be registered, as investment adviser representatives of the firm.

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## **Item 4 Advisory Business**

Valley Brook Capital Group, Inc. is a registered investment adviser that was founded in 1999 by Albert Calfo. The firm was originally founded as Calfo Financial Services, Inc., and later changed its name to Retirement Advisors, Inc. and then to Bluestone Wealth Advisors, Inc. In 2011, the firm underwent a change in ownership and the principal owners of the firm are Gregory Martik, Jayme Russo and Robert Pulit. In 2018, the firm began conducting its advisory business under the DBA name Valley Brook Capital Group, and in 2021 the firm's legal name was changed to Valley Brook Capital Group, Inc.. In limited circumstances, the firm also conducts its advisory business under the name MST Wealth Advisors, LLC. The firm's main office is located in Venetia, Pennsylvania, and additional offices are located in Pittsburgh, PA and Kittanning, PA

Valley Brook Capital Group ("Valley Brook") offers individualized wealth and automated investment advisory services based on the financial needs and goals of the client. Valley Brook provides asset management services billed on a fee basis, as a percentage of assets under management. Valley Brook also provides financial planning services billed on an hourly fee or included in the asset management fee, which may include services and advice on matters not involving securities.

Valley Brook has a relationship with McCall Scanlon & Tice, LLC ("MST"), certified public accountants, and its affiliated company MST Wealth Advisors, LLC, whereby certain associates of MST are investment adviser representatives of Valley Brook and offer investment advisory services to MST clients under the name MST Wealth Advisors, LLC. Under these circumstances, investment advisory services are offered solely by Valley Brook and its investment adviser representatives and include any of the services described in this brochure.

### **Wealth Management Services**

Valley Brook offers individual portfolio management and investment supervisory services ("Wealth Management"). The firm provides individualized investment advice to clients based upon the client's specific needs. Through personal consultations, Valley Brook gathers specific financial data to develop a client's personalized profile, which includes a client's investment objectives, current financial position, risk profile, investment time horizon, tax situation and liquidity needs. Valley Brook reviews the client's personalized profile and based upon this review, determines an appropriate asset allocation model for the client. Such model takes into account the client's liquidity needs, portfolio goals, tax objectives and risk tolerance. Valley Brook then recommends specific investments to implement the client's recommended asset allocation model, incorporating a client's existing holdings where appropriate. Valley Brook may also recommend non-securities products as part of this service, in an effort to provide a more comprehensive approach to evaluating a client's financial situation. Valley Brook offers this on-going Wealth Management to clients on a discretionary basis.

If a client participates in discretionary portfolio management services, Valley Brook requires the client to grant discretionary authority to manage the account. Discretionary authorization will allow Valley Brook to determine the specific securities, and the amount of securities, to be purchased or sold for a client's account without approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement a client signs with Valley Brook and the appropriate trading authorization forms. A client may limit Valley Brook's discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing restrictions and guidelines in writing.

Valley Brook may also offer non-discretionary portfolio management services. If a client enters into a non-discretionary agreement, Valley Brook must obtain client approval prior to executing any transactions in the account. Non-discretionary clients have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Automated Asset Management Services**

Valley Brook also offers an automated portfolio management service ("Intelligent Portfolios") through their Institutional affiliation with Charles Schwab ("Schwab"). The firm provides intelligent portfolios to clients based upon the client's responses to an on-line risk questionnaire. Through the on-line risk questionnaire, Valley Brook gathers specific financial data to develop a client's personalized profile. Once the profile is completed, the client is then directed to the appropriate asset allocation model. The models have been pre-defined to allocate capital based on the client's liquidity needs, portfolio goals, tax objectives and risk tolerance. These model portfolios are rebalanced daily and offer one hour of investment consultation per year as part of the management fee. Tax harvesting and financial planning may be added, at the discretion of the client, at no additional cost. Valley Brook offers these Intelligent Portfolios to clients on a discretionary basis.

### **Financial Planning Services**

Valley Brook offers personal financial planning services which may include review of individual investments; review and analysis of an existing portfolio; evaluation of the client's current financial situation, financial goals and financial objectives; etc. Financial plans are based on a client's financial situation at the time the plan is presented. If a client's financial situation, goals, objectives or needs change, the client should immediately notify Valley Brook. Valley Brook typically provides its financial planning services as part of its Wealth Management and Intelligent Portfolios services. Dependent upon the scope and service selected, the preparation of each plan involves either guiding clients in gathering, compiling, preparing, and analyzing personal financial data for the Wealth Management Service, or the client gathering, compiling, preparing, analyzing and inputting the data via a client portal for the Intelligent Portfolio service. At the completion of the financial planning process, the client has the option to implement recommendations through Valley Brook but is not obligated to do so. If Valley Brook assists in the implementation of any recommendations, clients may engage the firm separately for those Services.

### **Retirement Plan Services**

Valley Brook, through its investment adviser representatives, provides investment advisory services to retirement plans, as selected by the plan fiduciary. The services that may be selected are either ERISA fiduciary services or ERISA non-fiduciary services, as identified, and may be provided on an annual or as-needed basis. Retirement Plan clients have the option from selecting from the services described below:

#### **ERISA Fiduciary Services**

Valley Brook provides ERISA fiduciary services to the plan as a fiduciary under Section 3(21)(A)(ii) of ERISA (non-discretionary adviser) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. As a Section 3(21)(A)(ii) fiduciary, Valley Brook will solely make recommendations to the plan fiduciary, and the plan fiduciary retains full discretionary authority or control over the assets of the plan. Valley Brook will have no authority or responsibility in the administration of the retirement plan, in the interpretation of the plan documents, in the determination of employee eligibility to participate in the plan, in the calculation of plan benefits, or in the distribution of any notices to plan participants. Valley Brook does not act as an "investment manager" as defined under Section 3(38) of ERISA and does not have any discretionary authority over any plan assets. Valley Brook also does not act as plan "administrator" as defined by ERISA, and is not the plan custodian, trustee, third party administrator or recordkeeper. Valley Brook does not have any authority or responsibility to vote proxies for securities held in the plan, or take any action relating to shareholder rights regarding those securities.

Clients may choose from the following ERISA Fiduciary Services:

- Development of an Investment Policy Statement ("IPS"). Valley Brook will review plan objectives, risk tolerance and goals of the plan with the plan sponsor. Valley Brook will help plan sponsor establish an investment policy statement to state the investment policies and objectives of the plan. Plan sponsor will have the authority to adopt and implement the objectives and policies for the plan.
- Recommendations to Select Asset Classes. Valley Brook will provide non-discretionary investment advice with regard to different asset classes and investment options available to help plan fiduciary and/or plan administrators select asset classes and investment options consistent with the investment goals and objectives of the plan.
- Investment Strategy Review and Monitoring. Valley Brook will conduct periodic due diligence and provide information, reports and recommendations to assist plan fiduciary in monitoring and evaluating the performance of the investment options and asset allocations available in the plan. Valley Brook will also provide information and recommendations to plan fiduciary or plan administrators to remove or add investment options based on performance or other qualitative measures.

### **ERISA Non-Fiduciary Services**

In addition to the above described fiduciary services, Valley Brook offers the following non-fiduciary services solely in a capacity that is not considered a fiduciary under ERISA or any other applicable law:

- Plan Objectives and Design Options. Valley Brook will assist plan fiduciary in determining the plan objectives and structure of the plan. Valley Brook will work with third party administrators for the plan.
- Investment Education. Valley Brook will provide education for plan fiduciary regarding asset classes and types of investment strategies available to the plan. Educational services will be general in nature and will not speak to the individual circumstances of plan participants. Valley Brook does not provide fiduciary advice to plan participants.
- Plan Development and Service Providers. Valley Brook will assist the plan fiduciary in evaluating plan service providers, including the selection and evaluation of a third-party administrator, if necessary.

If Valley Brook recommends the rollover of existing qualified plan assets to an IRA rollover, Valley Brook will provide disclosure regarding the features of the rollover, including expenses. When making the decision to roll over an employer sponsored retirement plan to an IRA, clients are encouraged to consider the following factors:

- Options in the current plan
- Range of investment options
- Fees and expenses
- Services provided by employer sponsored plan
- Tax consequences
- Penalty-free withdrawals (55 in a plan versus 59 ½ in an IRA)
- Loans
- Adviser's services

### **Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable,

which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

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

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

### **General Information Related to Investment Recommendations**

For each of the above disclosed advisory services, Valley Brook does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. Since different types of investments typically involve different types of risk, the firm conducts a risk analysis of the client and his/her overall portfolio, before recommending a certain investment. Valley Brook manages assets on a discretionary basis, and a client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio. In general, the firm utilizes equity investments in individual stocks, preferred stocks, no-load or load-waived mutual funds, and exchange traded funds. Valley Brook also provides recommendations on fixed income investments, including individual bond positions, bond mutual funds, certificates of deposit, and fixed income exchange traded funds. In addition, Valley Brook provides advice related to limited partnerships and non-securities products, including insurance products.

### **Assets Under Management**

As of December 31, 2022, Valley Brook Capital Group provides continuous management services for \$141,318,127 in client assets on a discretionary basis, and \$14,608,880 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Financial Planning Services**

Financial planning services are typically provided to a client in conjunction with either the Wealth Management or Intelligent Portfolio Service at no cost, based on need. Therefore, a separate financial planning fee is not typically charged. In the event that Valley Brook was to charge for separate financial planning services, the firm would assess fees on an hourly fee basis at a rate of \$125 per hour. The firm may require an up-front retainer based on an estimate of the total hourly fee, with the remaining hourly fees billed to the client as services are rendered.

In addition to other financial planning services, Valley Brook may also offer advice on single subject financial planning/general consulting services at the same hourly rate. Valley Brook will not require prepayment of a fee more than six months in advance and in excess of \$1,200. At the firm's discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Wealth Management Service.

### **Wealth Management Services**

Wealth Management Services (including Retirement Plan Services) are typically billed as a percentage of assets under management. In some cases, clients may be charged an annual flat fee, as negotiated between Valley Brook and the client. The specific fee arrangement will be disclosed in the Wealth Management Agreement signed by the client at the inception of the engagement.

The annual fee for Wealth Management Services are as follows:

| <b>Total Assets Under Management</b> | <b>Annual Fee</b> |
|--------------------------------------|-------------------|
| Up to \$1,000,000                    | 1.00%             |
| \$1,000,001 to \$4,000,000           | 0.90%             |
| \$4,000,001 to \$6,000,000           | 0.75%             |
| Above \$6,000,000                    | Negotiable        |

This fee may be negotiable at the sole discretion of Valley Brook, depending on the complexity of the services provided and the amount of assets under management. This fee is billed quarterly, in advance, based on the value of the portfolio as determined by the account custodian on the last business day of the preceding quarter. In limited circumstances, the fee may be billed according to a different methodology, as disclosed by the custodian of assets in the account opening agreement. For the initial quarter that services are provided, fees are assessed pro-rata, based on the number of days in the quarter the Wealth Management Agreement is in effect and the total dollar amount of the initial deposit. Fees are typically debited from a client's brokerage account, with written authorization from the client. The custodian will send to the Client a statement, at least quarterly, indicating all amounts disbursed from the account, including the amount of fees paid directly to Valley Brook. It is the client's responsibility to review these statements carefully, to verify the accuracy of fees debited. In some cases, Valley Brook will allow clients to directly remit payment for advisory fees, upon presentation of an invoice.

At Valley Brook's discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. Combining account values may increase the asset total, which may result in a client paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

### **Automated Asset Management Services - Intelligent Portfolio Services**

Intelligent Portfolio Services are billed as a percentage of assets under management. The specific fee arrangement will be disclosed in the Intelligent Portfolio Management Agreement signed by the client at the inception of the engagement.

The annual fee for Intelligent Portfolio Services are as follows:

|                   |      |
|-------------------|------|
| \$5,000 and above | .50% |
|-------------------|------|

This fee is billed quarterly, in advance, based on the value of the portfolio as determined by the account custodian on the last business day of the preceding quarter. For the initial quarter that services are provided, fees are assessed pro-rata, based on the number of days in the quarter the



Intelligent Portfolio Management Agreement is in effect and the total dollar amount of the initial deposit. Fees are typically debited from a client's brokerage account, with written authorization from the client. The custodian will send to the Client a statement, at least quarterly, indicating all amounts disbursed from the account, including the amount of fees paid directly to Valley Brook.

### **General Information Related to Fees and Compensation**

While Valley Brook has established the above referenced fee schedule for its advisory services, the firm may negotiate fees under certain, limited circumstances, at its sole discretion for the Wealth Management Services. Factors considered when determining whether a different fee will be negotiated include, among other things, the complexity of the client's financial situation, related accounts under management, portfolio style, and the provision of other services provided to the client. Clients will receive advance written notice of any change in their applicable fee schedules. Investment advisory services provided by Valley Brook may cost a client more or less than advisory services offered by other investment advisors. Valley Brook will not be compensated on the basis of a share of capital gains in a client's account.

In addition to advisory fees, clients may be subject to custodial and account fees charged by account custodians or broker/dealers with whom clients establish accounts. Such additional fees may include, but are not limited to, transaction charges, IRA fees and other account administrative fees. Please see additional disclosure made for Item 12, Brokerage Practices, later in this brochure. In cases where shares of mutual funds or exchange traded funds are included in clients' portfolios, clients may also be subject to fees and expenses charged directly by the mutual fund or exchange traded fund company. Such fees may include, but are not limited to, management fees, fund expenses, distribution fees, and 12b-1 fees. Valley Brook does not receive any portion of these fees. Clients should refer to the applicable product prospectus for a complete discussion of the fees and charges associated with the product. While Valley Brook endeavors to select the lowest-cost share class available for a given mutual fund, the firm cannot guarantee that the lowest cost is always purchased depending on specific client circumstances and/or mutual fund performance or other factors. Careful analysis is given to each product recommended to a client, including analysis of fees, and the firm recommends products it feels are in the best interest of clients.

Clients have the option of purchasing investment products through any broker/dealer of their choice; however, Valley Brook associates may not be able to provide Asset Management Services for assets purchased away from custodians recommended by Valley Brook.

If Valley Brook makes recommendations to clients for the purchase of insurance products, clients may pay a normal and customary insurance product fees for the purchase of the product. In these cases, Valley Brook's associated persons may receive commissions, as insurance agents, generally based upon a percentage of the premiums paid. Such insurance commission is paid directly to the Valley Brook associate from the issuer of the insurance product. Valley Brook makes this service available to clients simply as a convenience to clients. Clients are not obligated to purchase any insurance products from Valley Brook's associates.

Clients may terminate Investment Advisory Agreements at any time upon prior written notice. If an Agreement is terminated within the first five business days, clients are entitled to a full refund of any fees paid. If an Investment Advisory Agreement is terminated after more than five business days, clients may be assessed fees on a pro-rata basis at the sole discretion of Valley Brook, based on the number of days that investment management services were provided.

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

Valley Brook does not currently charge performance-based fees for its advisory services.

## **Item 7 Types of Clients**

Valley Brook provides investment advisory services to individuals, high-net worth individuals, corporations or other businesses, pension and profit-sharing plans, trust, and estates and charitable organizations. In general, Valley Brook requires that Wealth Management and Intelligent Portfolio clients maintain a minimum account balance of \$5,000. This minimum may be waived at Valley Brook's sole discretion. In addition, Valley Brook may charge a minimum fee of \$1,000.00 annually, which may be waived or reduced at the sole discretion of Valley Brook.

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

There are general standards of education and business experience which Valley Brook requires of those involved in determining or giving investment advice to its clients. Valley Brook associates are required to have the technical knowledge in the areas of securities portfolio management. Valley Brook requires that all advisors be college graduates in a related field (accounting, economics, business, etc.) and/or have achieved a professional designation (CFP, CLU, ChFC, CFA etc.) or are working toward achieving the designation.

In most instances, the method of security analysis, sources of information and investment strategy chosen for a Wealth Management client will be dictated by the client's investment needs and objectives which are discussed with the client at the inception of the advisory relationship. In addition to reviewing documents and materials provided by product sponsors or research services, Valley Brook may, in some cases, conduct on-site due diligence visits where necessary or appropriate. For Wealth Management clients, Valley Brook takes a comprehensive approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Rather than focusing on specific investments, Valley Brook identifies an appropriate ratio of securities, fixed income investments, real estate investments and cash, to build a portfolio that is suitable for a client's investment needs, objectives and risk tolerance. Portfolios are typically made up of various equity and debt-based securities, including individual stocks, no-load or load-waived mutual funds, fixed income securities, exchange traded funds, and other investments.

Valley Brook conducts its research on the investments it recommends using publicly available performance information. Valley Brook utilizes a wide variety of research, news, periodical and internet outlets to research investment ideas and formulate opinions. These include:

Investor's Business Daily

The Economist

The Wall Street Journal

Charles Schwab Institutional

Yahoo Finance

For mutual funds and exchange traded funds, Valley Brook evaluates the experience and track record of product managers, to determine whether a manager has demonstrated the ability to manage assets under varying economic situations. Valley Brook also evaluates the underlying investments in a mutual fund or exchange traded fund, to determine whether the manager invests in a manner that is consistent with the fund's investment objective. A risk associated with this type of analysis is that past

performance is not a guarantee of future results. While a manager may have demonstrated a certain level of success in past economic times, he or she may not be able to replicate that success in future markets. In addition, just because a manager may have invested in a certain manner in past years, such manager may deviate from his/her strategy in future years. To mitigate this risk, Valley Brook attempts to select investments from companies with proven track records that have demonstrated a consistent level of performance and success. Valley Brook also relies on an assumption that the rating agency it uses to evaluate investments is providing accurate and unbiased analysis.

Valley Brook uses investment management strategies that it feels best meet its clients' needs and objectives. Typically, such strategies include holding investments for a year or longer. However, clients of the firm may have different risk objectives and time horizons. In addition, market conditions may cause Valley Brook to have more frequent investment turnover in client accounts. While this strategy typically meets the needs and objectives of our clients, long-term investment strategies may include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, Valley Brook determines an appropriate risk tolerance for its clients. Investment recommendations are always made with this risk tolerance in mind.

Investments in securities products involve risk, including the possible risk of loss of all or a portion of a client's principal. Clients must be willing to bear this investment risk when choosing to invest in securities products.

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice:

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market in which an investor is invested, or perhaps just a particular investment, will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that one can predict how financial markets will perform in the short-term, and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Valley Brook's investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based on a client's predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other suitability factors. A client's restrictions and guidelines may also affect the composition of their portfolio. **It is important that clients notify us immediately with respect to any material changes to their financial circumstances, including for example, a change in current or expected income level, tax circumstances, or employment status.**

### **Tax Considerations**

Valley Brook's strategies and investments have tax implications. Regardless of account size or any other factors, Valley Brook strongly recommends that clients consult with a tax professional regarding the investing of assets. Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Custodians will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of investments. Clients are responsible for contacting their tax advisor to determine if this accounting method is the right choice for them. If a client's tax advisor believes another accounting method is more advantageous, the client should provide written notice to our firm immediately and we will alert the custodian of the individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that investors should be prepared to bear. Valley Brook does not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Valley Brook cannot offer any guarantees or promises that financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell an investment at a fair price at a given time due to high volatility or lack of active liquid markets. An investor may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that an investor's investment horizon is shortened because of an unforeseen event, for example, the loss of a job. This may force an investor to sell investments that were expected to be held for the long term. If an investor must sell at a time that markets are down, he/she may lose money. Longevity Risk is the risk of outliving savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

## **Recommendation of Particular Types of Securities**

Valley Brook recommends various types of securities and does not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities Valley Brook recommends and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. In return for this risk, an investor should earn a greater return on cash than one would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable and the rate could go up or go down. A final risk with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can impact returns.

**Certificates of Deposit:** Certificates of deposit ("CD") are generally a safe type of investment since they are insured by the Federal Deposit Insurance Company ("FDIC") up to a certain amount. However, because returns are generally low, there is risk that inflation outpaces the return of the CD. Certain CDs are traded in the market place and not purchased directly from a banking institution. In addition to trading risk, when CDs are purchased at a premium, the premium is not covered by the FDIC.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". Open end mutual funds continue to allow in new investors indefinitely whereas closed end funds have a fixed number of shares to sell, which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its underlying index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its underlying index, or its

weighting of investment exposure to such securities may vary from that of the underlying index. Some ETFs may invest in securities or financial instruments that are not included in the underlying index, but which are expected to yield similar performance.

**Variable Annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." In order to fund their bonus credits, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). Most REITs must refinance or erase large balloon debts periodically. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

## Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Valley Brook or the integrity of Valley Brook's management. Valley Brook has no reportable information applicable to this Item.

## Item 10 Other Financial Industry Activities and Affiliations

Associates of Valley Brook are licensed to sell various insurance products for which Valley Brook receives product commissions. The potential for this additional compensation creates a conflict of interest when making advisory recommendations that involve insurance products for which commissions may be earned. Valley Brook makes these recommendations when they feel it is in the client's best interest, based on the specific needs and objectives of the client. The potential for additional compensation is not a criterion on which these recommendations are based.

Certain associates of Valley Brook are also Certified Public Accountants and offer accountancy services through McCall Scanlon & Tice, LLC ("MST"). These services are separate and apart from the advisory services offered by Valley Brook. As accountants, certain Valley Brook associates will be compensated for services provided by MST and such compensation is separate from advisory fees earned by Valley Brook. Clients may be referred to MST for accounting services, or clients may be referred to Valley Brook by MST. In either case, clients are under no obligation to use the services of either entity when referred, and services are not conditioned upon whether client is a client of MST or Valley Brook. A conflict of interest exists, however, when clients are clients of both Valley Brook and MST in that certain Valley Brook associates are incented to recommend the services of MST by the receipt of additional compensation.

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

Valley Brook has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain Valley Brook's reputation as a firm that operates with the highest level of professionalism. Valley Brook recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of Valley Brook are subject to the firm's Code of Ethics and are required to acknowledge their understanding of its terms. A copy of the Valley Brook Code of Ethics will be provided to any client or prospective client upon request.

Valley Brook's Code of Ethics establishes procedures for employees to report personal securities transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. In some cases, Valley Brook's employees may be required to obtain pre-approval for certain personal securities transactions or refrain from certain transactions altogether. Valley Brook's Code of Ethics also sets forth the obligation of all Valley Brook employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by Valley Brook. Finally, Valley Brook's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

Valley Brook or its owners, officers and employees may buy or sell securities that are the same or different than those they recommend to clients. While buying or selling the same security as a client would be incidental, it may represent a potential conflict of interest, which would be fully disclosed to the client. Valley Brook or its owners, officers and employees may not sell securities from their accounts directly to a client, nor may they purchase securities directly from a client. Valley Brook, its owners, officers and employees are prohibited from trading on material nonpublic information. Valley Brook does not trade ahead of clients, but instead puts clients' interests first. Employees may not purchase or sell any security prior to a transaction being implemented for an advisory client, unless the timing of such transaction was done without the employee's knowledge of a client's transaction. Valley Brook endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision-making process for client investment recommendations. Valley Brook also endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the implementation of investment recommendations made to clients.

Valley Brook prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. Valley Brook also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance, by the firm's Chief



Compliance Officer. Valley Brook, its owners, officers and employees, do not recommend to clients that they buy or sell securities in which a person associated with Valley Brook has a material financial interest.

Valley Brook or persons associated with the firm may buy or sell securities for clients at the same time the firm or persons associated with the firm buy or sell such securities for their own accounts. Valley Brook may also combine firm orders to purchase securities with client orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

## **Item 12 Brokerage Practices**

For Wealth Management clients, Valley Brook recommends that clients maintain brokerage accounts at the Schwab Institutional division of Charles Schwab & Co, Inc. ("Schwab"). For Intelligent Portfolio clients, accounts must be maintained at Schwab. Schwab is an unaffiliated registered broker/dealers and members SIPC. While clients may choose to use a different broker/dealer for execution and custodial services, Valley Brook may be unable to provide Wealth Management Account services to clients who elect to use other firms. Valley Brook routinely recommends that clients utilize the brokerage and custodial services offered by Schwab, unlike other advisors who may permit clients to direct brokerage.

Valley Brook provides investment advisory services on a discretionary basis. Clients are free to place restrictions on investment recommendations made by Valley Brook.

Valley Brook is unable to negotiate specific transaction costs for transaction execution. Transactions executed by Schwab are subject to the transaction and execution fee schedule in effect at the time of execution. Valley Brook does not negotiate commission rates or volume discounts. Therefore, brokerage and investment advisory services offered by Valley Brook may cost a client more or less than similar investment advisory services offered by another firm, or by purchasing similar services separately.

As noted previously, Valley Brook recommends the custodial and execution services of Schwab. Valley Brook receives economic benefits through its use of this custodial service. These benefits may include: receipt of duplicate trade confirmations; access to research; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, technology and practice management products or services provided to Valley Brook by third party vendors. These benefits received by the firm do not depend on the amount of brokerage transactions directed to either firm.

As part of its fiduciary duty to clients, Valley Brook endeavors at all times to put clients' interests first. Clients should be aware, however, that the receipt of economic benefits by the firm in and of itself creates a potential conflict of interest. While Valley Brook feels the quality of custodial services provided by Schwab is beneficial to clients, the firm cannot guarantee that best execution will be obtained.

Valley Brook does not recommend broker/dealers in order to receive client referrals from such broker/dealers. Valley Brook may aggregate the purchase or sale of securities for various client accounts, and clients will be afforded an average-priced allocation.

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

## **Item 13 Review of Accounts**

**Wealth Management Services:** On an ongoing basis, all accounts are monitored for aggregate performance in light of general market and economic conditions. Each account undergoes a thorough review at least quarterly. Each account is reviewed in light of the client's specific objectives, overall market conditions and current asset mix. Recommendations are made at the end of these reviews, as necessary, for the rebalancing of an account or to recommend alternative investments. More frequent reviews may be made when there are material market changes or changes in the client's financial situation. All reviews are conducted by Principals of Valley Brook.

Valley Brook typically provides reports to clients on a quarterly basis, and at least an annual basis. Reports may also be issued monthly, semi-annually or annually dependent upon the client's request and the services contracted for in the Wealth Management Services Agreement. The firm utilizes an independent third-party performance reporting system from Morningstar, Inc. that aggregates and reconciles client account data to produce regular statements. This web site is maintained by the independent third-party performance reporting system. Clients also receive normal and customary brokerage account statements, if applicable, whenever there is activity in the accounts or at least quarterly. Clients should compare account information provided in reports furnished by Valley Brook with the information provided on the custodial brokerage statements.

**Intelligent Portfolio Services:** On a yearly basis, all accounts are monitored for aggregate performance in light of general market and economic conditions. Each account undergoes a review at least yearly. Each account is reviewed in light of the client's specific objectives, overall market conditions and current asset mix. All reviews are conducted by Principals of Valley Brook.

Valley Brook typically provides reports to clients on a quarterly basis, and at least an annual basis. The firm utilizes an independent third-party performance reporting system from Morningstar Inc. that aggregates and reconciles client account data to produce regular statements. This web site is maintained by the independent third-party performance reporting system. Clients also receive normal and customary brokerage account statements, if applicable, whenever there is activity in the accounts or at least quarterly. Clients should compare account information provided in reports furnished by Valley Brook with the information provided on the custodial brokerage statements.

**Financial Planning Services:** A comprehensive financial plan may be completed for a client. If the client engages Valley Brook for Wealth Management or Intelligent Portfolio services, the client's overall financial plan may be reviewed at the discretion of the client and Valley Brook.

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

As discussed previously, the sole business of Valley Brook is that of providing the investment advisory services described herein. However, in order to provide comprehensive investment advisory services, Valley Brook may, from time to time, utilize other professionals from whom clients may receive specific advice.

If Valley Brook makes recommendations to clients for the purchase of insurance products, clients may pay a normal and customary insurance commission for the purchase of the product. In these cases, Valley Brook's associated persons may receive a commission, as insurance agents, generally based upon a percentage of the premiums paid. Such insurance commission is paid directly to Valley Brook from the issuer of the insurance product. Valley Brook makes this service available to clients simply as a convenience to clients. Clients are not obligated to purchase any insurance products from Valley Brook's associates. The receipt of additional compensation presents a conflict of interest in that Valley Brook's associates may be induced to recommend that clients purchase insurance products. While this may be true, Valley Brook's associates endeavor at all times to act in the best interests of their clients, and recommendations to purchase insurance products are only made when Valley Brook feels it is in the best interest of a client.

From time to time, Valley Brook may feel it is appropriate to refer clients to other professionals from whom certain services may be received as part of a comprehensive approach to financial planning. Examples of these other professionals include attorneys or accountants. Valley Brook has a specific relationship with McCall Scanlon & Tice, LLC accountancy firm, as described in Item 10 above. Certain associates of MST are also associates of Valley Brook and receive compensation as investment adviser representatives and as accountants. In some cases, clients of Valley Brook may also be clients of MST and fees are charged by both entities. While certain associates of Valley Brook may earn compensation from MST as accountants, Valley Brook does not share in this compensation and is not directly compensated by MST. Valley Brook makes these professional referrals as a convenience to clients only. Clients are not obligated to work with the professionals to whom Valley Brook may refer them, and they do so at their sole discretion. Valley Brook is not responsible or liable for any services provided by these outside professionals.

Valley Brook may engage solicitors from whom client referrals are received. Valley Brook currently has a solicitation arrangement with Dodson Chase Attorneys at Law and may receive client referrals from this firm. Dodson Chase is compensated for these referrals pursuant to SEC Rule 206(4)-1 and subject to an Agreement. These solicitors are not employees of Valley Brook but instead are independent contractors with whom Valley Brook has a business relationship. Valley Brook reserves the right to determine whether advisory services will be provided to clients referred by solicitor ("referred clients"). Investment advice is not offered by the solicitor and only Valley Brook associates may offer investment advice to referred clients. In the event that referred clients become advisory clients of Valley Brook, the firm will compensate the solicitor for such referral. Compensation will be based on a percentage of the fee that Valley Brook charges for its services. Advisory fees are fully described in Item 5 above.

### **Charles Schwab & Co., Inc - Institutional**

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

### **Item 15 Custody**

Valley Brook does not maintain physical custody of client funds or securities, but the firm does have the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. Valley Brook also is deemed to maintain custody to the extent that the firm allows clients to execute standing letters of authorization for asset movement in brokerage accounts. Valley Brook adheres to rules and regulations for firms with this type of custody and client accounts are held at qualified

custodians that are not affiliated with Valley Brook. Clients receive normal and customary custodial account statements at least quarterly, which detail activity including the amount of advisory fees debited from an account. Clients are strongly encouraged to review all statements carefully. Clients, not account custodians, are responsible for verifying the accuracy of all fees.

## **Item 16 Investment Discretion**

Valley Brook provides Wealth Management and Intelligent Portfolio Services on a discretionary basis. For discretionary Asset Management Services, Valley Brook requires that clients grant Valley Brook discretion in writing, at the time an asset management relationship is established. For pension accounts, Valley Brook may also offer advisory services on a non-discretionary basis, and transactions will be approved by clients prior to execution. A client may grant our firm discretion over the selection and amount of securities to be purchased or sold for their account(s) without obtaining client consent or approval prior to each transaction. A client may also specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for their account(s). Refer to the *Advisory Business* section in this brochure for more information on Valley Brook's discretionary management services.

If a client enters into non-discretionary arrangements with Valley Brook, the firm will obtain client approval prior to the execution of any transactions. Non-discretionary clients have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

Valley Brook does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While Valley Brook may provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

## **Item 18 Financial Information**

Valley Brook does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. Valley Brook is therefore not required to include a financial statement or balance sheet with this brochure.

Valley Brook does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Valley Brook has not been the subject of any bankruptcy petition.

## **Item 19 Additional Information**

### **Privacy Policy**

Valley Brook maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter if required by state law. Valley Brook collects nonpublic information about clients from the following sources: information the firm receives from clients verbally, on applications or other forms and information about client transactions with others or the firm.

Valley Brook may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, Valley Brook may have to provide information about clients to regulatory agencies as required by law. Otherwise, Valley Brook will not disclose any client information to an unaffiliated entity unless a client has given express permission for the firm to do so.

Valley Brook is committed to protecting client privacy. The firm restricts access to clients' personal and account information to those employees who need to know the information. Valley Brook also maintains physical, electronic and procedural safeguards that the firm believes comply with Federal standards to protect against threats to the safety and integrity of client records and information.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade correction results in a gain, proceeds are distributed as determined by the account custodian and may be donated to charity.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.