



**ELLIS**  
INVESTMENT PARTNERS LLC

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This brochure provides information about the qualifications and business practices of Ellis Investment Partners, LLC, CRD # 157669. If you have any questions about the contents of this brochure, please contact us at 484-320-6300 or [michelle.siano@ellisinvestmentpartners.com](mailto:michelle.siano@ellisinvestmentpartners.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.

Ellis Investment Partners, LLC is an investment adviser registered with the SEC. 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 Ellis Investment Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

Since the last filing of our annual updating amendment, dated March 11, 2020, the firm made the following material change:

- Item 18 has been amended to disclose a Paycheck Protection Program loan our firm has taken to support our ongoing operations.

### **Item 3 Table Of Contents**

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 7
Item 6 Performance-Based Fees and Side-By-Side Management	Page 11
Item 7 Types of Clients	Page 11
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 11
Item 9 Disciplinary Information	Page 16
Item 10 Other Financial Industry Activities and Affiliations	Page 16
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 16
Item 12 Brokerage Practices	Page 17
Item 13 Review of Accounts	Page 18
Item 14 Client Referrals and Other Compensation	Page 19
Item 15 Custody	Page 20
Item 16 Investment Discretion	Page 21
Item 17 Voting Client Securities	Page 21
Item 18 Financial Information	Page 21
Item 19 Additional Information	Page 22

## Item 4 Advisory Business

Ellis Investment Partners, LLC ("EIP" or "Ellis") is an SEC registered investment adviser located in the State of Pennsylvania. The firm was founded in 2011 by David Y. Sun, owner and President of the firm.

### Portfolio Management Services

EIP manages investment advisory accounts ("Portfolio Management") for individuals, small businesses, retirement plans, trusts, partnerships, corporations or other business or institutional accounts. An initial interview and data gathering questionnaire is undertaken to determine the client's individual needs and risk tolerance. The recommendations are implemented in a portfolio that may include no-load or load waived mutual funds, stocks, bonds, ETF's and other investments deemed appropriate for the client. Other investments may include REITS, limited partnerships and options (covered call writing).

EIP utilizes a dynamic asset allocation approach and maintains several models that are used as guidelines to achieve the client's objectives. While each client account is separately maintained at a third-party custodian and each client retains his or her right of ownership over the account, client accounts with similar risk profiles and objectives may utilize similar investments based on these models.

In some cases, EIP may determine that a client would benefit from the inclusion of a third-party investment management team. In these cases, separate offering materials will be provided to clients who choose to utilize the services of a third-party co-advisor to EIP. Such materials disclose the portfolio management services, fees and termination procedures specific to the investment management team. Clients should read all offering materials carefully. Clients are under no obligation to engage the services of any third-party investment manager.

Through EIP's Portfolio Management Services, EIP offers clients implementation assistance and ongoing and continuous review of investment assets and consolidated performance reporting. EIP provides these Portfolio Management Services on a discretionary basis, whereby transactions or actions are taken by EIP Associates on behalf of the client, without the express written permission of the client. While EIP does have discretion over client accounts, clients may place reasonable restrictions on the types of investments or investment strategies used for their accounts.

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

As part of the Portfolio Management Services, client accounts are reviewed by EIP on an on-going basis, to determine that assets are performing consistent with the investment objectives, overall market conditions, and current asset mix. Consolidated asset reporting to the client is done quarterly. For Portfolio Management, EIP typically recommends that clients start with a minimum portfolio of \$250,000. While this is generally the case, lower minimums may be accepted subject to the sole discretion of EIP and based on such factors as related family accounts or other special situations. Portfolio Management clients should also carefully consider investing only those funds that can be committed on a long-term basis, usually **at least** three to five years. Clients should expect volatility from investing in equity securities, as all investments carry risks.

## **Financial Planning Services**

EIP provides Personal Financial Plans consistent with the individual client's financial situation and investment objectives. Planning may be comprehensive or may be "segmented" and focus on investments, insurance, taxes, retirement, and/or estate plans. Dependent upon the scope of the financial planning services to be performed by EIP, the preparation of a plan involves guiding clients in gathering, compiling, preparing, and analyzing personal financial data. The client will receive a written financial plan at the completion of the financial planning process and the client will then have the option to implement recommendations through Associates of EIP, but is not obligated to do so. If Associates of the firm assist in the implementation of any recommendations, clients may engage the firm separately, for Portfolio Management Services described above. Financial plans are based on a client's financial situation at the time the plan is presented, and on the financial information a client provides us. Clients must promptly notify our firm if their financial situation, goals, objectives, or needs change.

## **Consulting Services**

In addition to individualized investment management and financial planning, EIP offers investment consulting services on a more limited basis. Such consultation is offered to assist a client in an isolated area of concern, such as an existing investment portfolio or qualified plan. For example, for clients with existing portfolios, EIP may provide on-going advice regarding investment reallocation. This advice will not necessarily involve the development of a financial plan or the actual management of the underlying portfolio assets, but may simply assist clients in evaluating existing holdings and determining necessary reallocations. Consulting services may be rendered differently for different clients, based on the client's individual needs. Clients will be asked to sign a Consulting Services Agreement in order to engage EIP for consulting services.

## **Retirement Plan Services**

Ellis, through its investment adviser representative, provides investment advisory services to retirement plans, as selected by the plan fiduciary. In some cases, Ellis may recommend the services of a third-party advisor. 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**

Ellis provides ERISA fiduciary services to the plan as a fiduciary under Section 3(21)(A)(ii) of ERISA 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, Ellis will solely make recommendations to the plan fiduciary, and the plan fiduciary retains full discretionary authority or control over the assets of the plan. Ellis 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. Ellis 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. Ellis also does not act as plan "administrator" as defined by ERISA, and is not the plan custodian, trustee, third party administrator or recordkeeper. Ellis 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"). Ellis will review plan objectives, risk tolerance and goals of the plan with the plan sponsor. Ellis 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. Ellis 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. Ellis 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. Ellis 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, Ellis 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. Ellis will assist plan fiduciary in determining the plan objectives and structure of the plan. Ellis will work with third party administrators for the plan.
- Investment Education. Ellis 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. Ellis does not provide fiduciary advice to plan participants.
- Plan Development and Service Providers. Ellis will assist the plan fiduciary in evaluating plan service providers, including the selection and evaluation of a third-party administrator, if necessary.

If a third-party advisor is recommended for retirement plan services, the plan fiduciary will receive additional disclosure documents from the applicable third-party advisor. If Ellis recommends the rollover of existing qualified plan assets to an IRA rollover, Ellis 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

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

For each of the above disclosed advisory services, EIP 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. EIP typically manages assets on a discretionary basis; however, the client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio.

EIP generally recommends an investment allocation which may consist of stocks, bonds, mutual funds, closed-end companies, or exchange traded funds. The firm may also periodically recommend that the client invest in certificate of deposits, annuities, REITS or limited partnerships, including non-publicly traded assets where no readily ascertainable market value exists. EIP may also engage in covered call writing.

EIP may determine that clients would benefit from access to third-party asset managers. Clients will receive separate offering documents from the third-party that explain the services, fees and termination procedures for these third-party programs. Clients should read these offering materials carefully. Use of a third-party as co-advisor to EIP may cost the client more or less than purchasing these services separately.

EIP endeavors at all times to only recommend investments that it feels are suitable for a given client, and the firm makes reasonable efforts to describe in detail, any conflicts of interest that may exist. EIP may also provide advice on non-securities products. Clients should be aware that all securities investments involve risk, including the possible loss of all or part of an investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, EIP takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

### **Assets Under Management**

As of December 31, 2019, we provide continuous management services for \$543,964,661 in client assets on a discretionary basis, and \$40,088,390 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management**

As compensation for the portfolio management services described in Item 4 above, including ERISA plan accounts, EIP charges an annual fee, based on a percentage of the total market value of the client's assets as determined by the custodian at the end of each quarter. In cases where an illiquid investment is held in the account or where a market value is not readily available, EIP relies on the valuation reported by the custodian, for purposes of fee billing. For margin accounts, total market value is used for purposes of fee billing. This is the only direct fee earned by EIP for portfolio management services and EIP does not earn any indirect fees for these services. The asset management fee is payable quarterly in advance, based on the value of assets as reported by account custodians on the last day of the preceding calendar quarter, and will be pro-rated for the portion of a quarter in which an account is established or terminated. Fees will generally be deducted directly from the client's brokerage account pursuant to a written standing authorization from the client. The qualified custodian will deliver an account statement to clients at least quarterly. These account statements will show all disbursements from a client's account. Clients should review all statements for accuracy.

In extremely rare cases, EIP may allow clients to pay fees directly, by check, following the presentation of an invoice. Fees are generally based on the fee schedule listed below:

## **ASSET MANAGEMENT FEE SCHEDULE**

The fee arrangement for our Investment Advisory Services is an asset-based fee assessed quarterly in advance.

<u>Assets Under Management</u>	<u>Total Annual Fee</u>
Less than \$500,000	1.50%
\$501,000 to \$1,000,000	1.25%
Above \$1,000,000	1.00%

Fees are calculated based on assets under management and are based on the value of assets as reported by account custodians on the last day of the preceding calendar quarter. Fees will also be adjusted for any cash flows on a pro-rated basis.

At EIP'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.

The client may make deposits or withdrawals during a quarter, which may have an effect on fees. For all deposits or withdrawals, the fees will be adjusted on a pro-rata basis, reflected on the next invoice. In addition to the above fees, clients may be subject to administrative, transaction or custodial fees imposed by the custodian where the client's assets are held, or management or fund expenses imposed by an investment company or insurance provider. EIP's portfolio management fees may be higher or lower than those charged by other advisors providing similar services.

A client may terminate the portfolio management agreement upon written notice. Clients will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means clients will incur advisory fees only in proportion to the number of days in the quarter for which they are a client. If a client has pre-paid advisory fees that we have not yet earned, the client will receive a prorated refund of those fees.

### **Financial Planning Services**

After an initial consultation with a client, a financial planning fee will be quoted to the client for the financial planning services provided by EIP. The quote is based upon an estimate of the complexity and time anticipated to perform the services and is based on an hourly rate of \$150 - \$500, depending on the complexity of the plan. Fees for comprehensive personal financial plans typically range from \$1,000 - \$5,000, or \$500 - \$2,000 for segmented plans on a specific area. In some cases, fees may be higher or lower than the range quoted above, at the sole discretion of EIP and as agreed to in advance by the client. EIP may require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, EIP may also allow the client to pay the entire fee upon completion of the financial planning services. In either case, clients are provided with an invoice.

At the completion of the financial planning process, the client has the option to implement recommendations through Associates of the firm, but is not obligated to do so. If Associates of EIP assist in the implementation of any recommendations, clients are asked to engage the firm for Portfolio Management Services, as described in Item 4 above. Fees for Portfolio Management Services (described above) are assessed in addition to any planning fee earned for the financial plan. In some cases, EIP may waive financial planning fees at its sole discretion.



EIP will not require prepayment of a fee more than six months in advance and in excess of \$1,200. A client may terminate the financial planning agreement upon written notice to our firm. If a client has pre-paid financial planning fees that we have not yet earned, the client will receive a prorated refund of those fees. If financial planning fees are payable in arrears, clients will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

### **Consulting Services**

Consulting Services are provided to clients on an hourly fee basis, or clients may engage EIP for consulting services on a fixed fee basis. Determination of the fee basis is agreed to between EIP and client in advance of services rendered and is dependent upon the type of Consulting Services to be provided. If fees are assessed on an hourly fee basis, the hourly rate ranges from \$150 to \$500, depending on the complexity of the consulting services provided. Fixed fees for consulting services typically range from \$500 - \$10,000, although fees may be higher or lower than this range in some cases. EIP may require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, EIP may also allow the client to pay the entire fee upon completion of the Consulting Services. In either case, a client is provided with an invoice.

A client may terminate the financial consulting agreement upon written notice to our firm. If a client has pre-paid financial consulting fees that we have not yet earned, the client will receive a prorated refund of those fees. If financial consulting fees are payable in arrears, the client will be responsible for a prorated fee based on services performed prior to termination of the financial consulting agreement.

### **Retirement Plan Services**

Ellis will receive an annual advisory fee paid by the plan custodian. This fee is based on a percentage of plan assets under management and is paid quarterly. The advisory fee is the only direct compensation earned by Ellis for the advisory services provided to the plan and is applicable whether all or some of the fiduciary and non-fiduciary services are provided during the annual billing cycle. Fees may be negotiable and are billed quarterly, in advance, and are based on the total fair market value of plan assets as reported by the custodian as of the last business day of the preceding calendar quarter. Fees for the initial quarter will be pro-rated based on the number of days advisory services are provided to the plan. Ellis does not earn any indirect compensation for any of the services rendered to the plan. Ellis believes its fees are fair and reasonable based on the services provided to plan fiduciary but fees charged by other advisors may be higher or lower than those charged by Ellis for similar services. The plan may be subject to other fees and charges imposed by account custodians, investment managers, third party administrators, recordkeepers, product sponsors (such as mutual fund management fees or fund expenses), and brokerage account transaction charges imposed in conjunction with transaction processing, clearing or custody. These fees are separate and distinct from advisory fees charged by Ellis. The plan custodian or third party administrator will send account statements to the plan sponsor at least quarterly, which show all fees charged to plan accounts.

Retirement plan clients have the option of having advisory fees deducted from the plan assets or direct billed by Ellis. If fees are deducted directly from the plan account, the plan fiduciary will provide a written standing authorization to the account custodian to authorize the plan custodian to deduct the agreed upon overall fee between the plan fiduciary and the plan custodian and to direct a portion of this fee to Ellis representing the amount due. The plan fiduciary agrees that, to the extent permitted by law, it is solely responsible for verifying the accuracy of the calculation of the fees and that Ellis is not liable to the plan, plan participants or beneficiaries, or any other fiduciary of the plan for errors in the calculation of advisory fees. If retirement plan clients elect to have fees direct billed, Ellis will send a

detailed billing invoice to the plan fiduciary and/or third party administrator and the plan fiduciary agrees to remit payment to Ellis within 30 days of receipt of invoice. The plan fiduciary agrees that, to the extent permitted by law, it is solely responsible for verifying the accuracy of the calculation of the fees and that Ellis is not liable to the plan, plan participants or beneficiaries, or any other fiduciary of the plan for errors in the calculation of advisory fees.

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

While EIP has established the above referenced fee schedule, the firm may negotiate fees under certain, limited circumstances, at its sole discretion. Multiple accounts from the same investor may be combined for fee purposes. 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 EIP may cost a client more or less than advisory services offered by other investment advisors; however, EIP believes its fees are fair and reasonable for the services provided. EIP 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. In some cases, EIP may agree to pay transaction charges in client accounts for securities transactions placed on behalf of client. If clients invest in investment company products, clients may be subject to fund management or 12b-1 fees. EIP does not receive any portion of applicable 12b-1 fees charged to clients by product issuers. Clients should refer to a product prospectus for a complete discussion of the fees associated with an investment company product. Please see additional disclosure made for Item 12, Brokerage Practices, later in this brochure.

EIP may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

For clients who choose to engage a third-party advisor, fees will be described in the disclosure materials provided for the third-party advisory program. These fees may be in addition to advisory fees charged by EIP. Therefore, use of a third-party advisory program may cost the client more or less than purchasing program services separately.

As part of its comprehensive approach to financial planning, EIP may refer a client to other unaffiliated professionals it feels may help the client in areas outside the scope of the services provided by EIP. For example, EIP may refer a client to a certain attorney for the development of a Trust or Will, or to an accountant for the provision of tax services. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom EIP has referred a client is the client's alone. EIP does not take responsibility for the services provided by these other professionals, nor can EIP speak to the merits of the services provided by these professionals. EIP is not affiliated with the professionals to whom clients may be referred and is not compensated for any referral made. Clients

may be assessed a fee by the service provider, which is separate from any advisory fees assessed by EIP. Neither EIP nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

Clients have the option of purchasing investment products through any broker/dealer of their choice; however, EIP may not be able to provide investment management services for assets purchased away from custodians recommended by EIP.

Clients may terminate investment advisory agreements at any time upon prior written notice. If an agreement is terminated within the first 5 business days, clients are entitled to a full refund of any fees paid. If an investment advisory agreement is terminated after more than 5 business days, clients will be assessed fees on a pro-rata basis, and any unearned pre-paid fees will be refunded where applicable. Clients are responsible to pay fees for services rendered up until notice of termination is received by, or provided by EIP.

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

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

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

EIP does not charge performance-based fees.

### **Item 7 Types of Clients**

EIP provides investment advisory services to individuals, high-net worth individuals, trusts, estates and charitable organizations, small businesses, pension plans, and other institutional accounts.

EIP typically requires that clients start with a minimum portfolio of \$250,000. While this is generally the case, EIP may accept smaller portfolios at the firm's sole discretion and based on such factors as related family accounts or other unique circumstances. However, EIP has the right to terminate a client's account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

Generally, a college degree and several years' experience in the securities industry, including experience in money management or analysis of securities is required for individuals who are directly involved in the decision-making process concerning the portfolios.

In most instances, the method of security analysis, sources of information and investment strategy chosen for a Portfolio Management client will be dictated by the client's individual needs and objectives. For Portfolio Management clients, EIP takes a comprehensive approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Prior to focusing on specific investments, EIP identifies an appropriate ratio of debt and equity securities, cash and other asset classes, to build a portfolio that is suitable for a client's investment needs, objectives and risk tolerance. Note that EIP typically does not recommend frequent and short-term trading strategies for its clients.

Upon the determination of an appropriate asset allocation model, EIP will then proceed with the selection of specific investments to fulfill the allocation guidelines. Research & analysis on the investments it recommends will be conducted using publicly available information. Some of the sources include Morningstar, Investment Company websites for mutual funds/ETF's and Corporate Financial Reports for individual securities. For mutual funds/ETF's, EIP will evaluate the experience and track record of investment managers to determine whether a manager has demonstrated the ability to manage assets under varying economic situations. EIP 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, EIP attempts to select investments from companies with proven track records that have demonstrated a consistent level of performance and success. EIP also relies on an assumption that the rating agencies it uses to evaluate investments is providing accurate and unbiased analysis.

EIP uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include asset allocation, diversification, and a tax managed approach for taxable 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, EIP takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

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

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

**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.

**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 one 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 which may be very difficult 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.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

**Risk:** If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

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

### **Tax Considerations**

EIP's strategies and investments may have tax implications. Regardless of account size or any other factors, we strongly recommend 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 believes another accounting method is more advantageous, the client should provide written notice to our firm immediately and we will alert the account custodian to 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. EIP 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. We cannot offer any guarantees or promises that a client's 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 the 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**

EIP recommends various types of securities and we do 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 we may recommend, 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. If the share price goes down, an investor can lose some or all of their principal. In return for this risk, an investor should earn a greater return on cash than would be expected from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Money market fund rates are variable and the rate could go up or go down. 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.

**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 very broad terms, the value of a stock depends on the financial health of the company issuing it. Stock prices can be affected by many 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"), 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.

**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 EIP or the integrity of EIP's management. EIP has no reportable information applicable to this Item.

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

EIP Associates are also licensed to sell various insurance products for which they may receive product commissions. The potential for this additional insurance compensation creates a conflict of interest when making financial planning recommendations that involve insurance products for which commissions may be earned. EIP Associates make insurance product 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.

Don Avgerinos and Evan Avgerinos, EIP Associates, may teach retirement courses (seminars) at local community colleges. These courses are taught under the name of "Main Line Adult Financial Education" and are not for purposes of rendering investment advice. The courses are educational in nature, and Mr. Don Avgerinos and Mr. Evan Avgerinos are not compensated as instructors. Attendees pay normal and customary class fees to Main Line Adult Financial Education, but no part of that fee is received by EIP or EIP Associates. In some cases, attendees may request subsequent meetings with EIP Associates and may become clients of the firm. Thus, a conflict of interest may exist in the offering of these financial education courses.

EIP may refer clients to an unaffiliated third-party professional for specific services such as legal or accounting services. EIP is not compensated for these referrals but instead makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party professional and clients do so at their own discretion. EIP is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party professional.

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

EIP has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain EIP's reputation as a firm that operates with the highest level of professionalism. EIP 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 EIP are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms. A copy of the EIP Code of Ethics will be provided to any client or prospective client upon request.

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



EIP 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. EIP 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. EIP, its owners, officers and employees are prohibited from trading on material nonpublic information. EIP 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. EIP 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. EIP 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.

EIP prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. EIP 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. EIP, its owners, officers and employees, do not recommend to clients that they buy or sell securities in which a person associated with EIP has a material financial interest.

## **Item 12 Brokerage Practices**

If the client has not selected a broker-dealer through which transactions should be executed, EIP will suggest those brokers or dealers which provide best execution taking into consideration, the reasonableness of commissions, the broker's ability to provide timely, professional client services, research and other services that assist EIP in its investment management business. EIP makes every effort to ensure that clients are receiving quality execution of investments, however, best execution can never be guaranteed. EIP will generally recommend the custodial and clearing services of Fidelity Investments, Inc., a registered broker/dealer. EIP has established a relationship with Fidelity Institutional Wealth Services. Through this relationship, EIP is able to provide consolidated account reporting to its clients, as well as automatic advisory fee debiting. Clients open accounts directly with Fidelity and retain all ownership rights over their accounts, including the right to vote proxies. EIP is granted limited discretion to place investment transactions on behalf of clients.

In some cases, EIP may aggregate client trades or execute "block" trading. The firm does not typically aggregate client transactions as accounts are managed on an individual basis. However, blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. If EIP determines that it is advantageous to customers to execute block transactions, clients participating in any aggregated transactions will receive an average share price and transaction costs (i.e., commissions and trading fees) will be determined on an account by account basis based on each client's account status at the custodian.

As part of its fiduciary duty to clients, EIP endeavors at all times to put clients' interests first. EIP may receive research materials from custodians or broker/dealers with whom client transactions are executed. This may be an economic benefit to EIP; however, the receipt of this research is not dependent upon EIP' execution of customer transactions or custody of client assets. Clients should be aware that the receipt of economic benefits by the firm in and of itself creates a potential conflict of interest. While EIP feels the quality of custodial services provided by broker/dealers recommended by EIP is beneficial to clients, the firm cannot guarantee that best execution will be obtained. EIP does not recommend broker/dealers in order to receive client referrals from such broker/dealers.

## **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

## **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of account custodians. As such, we will also have access to research products and services from account custodians and/or other brokerage firms. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. Clients should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

## **Mutual Fund Share Classes**

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

## **Item 13 Review of Accounts**

David Y. Sun, CFA®, President, and his Associates, will perform all account reviews along with the firm's Investment Committee. On a daily basis, Mr. Sun and his team of Associates monitor market conditions as well as significant developments related to any portfolio holdings in clients' accounts.

Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm. On a quarterly basis, Mr. Sun and his team of Associates will conduct an in-depth review of each client's quarterly performance report. Such report will include account valuation detailing the performance of the account including any unrealized or realized profits or losses. Clients will also receive normal and customary brokerage or custodial statements from the custodians at which their assets are held. These brokerage or custodial statements are typically generated on a monthly basis whenever there is activity in the account or at least quarterly. Clients should carefully compare the information provided in reports generated by EIP with the information provided by the account custodian.

EIP will review financial plans as needed, depending on the arrangements made with a client at the inception of the advisory relationship to ensure that the advice provided is consistent with a client's investment needs and objectives. Generally, we will contact clients periodically to determine whether any updates may be needed based on changes in circumstances. We recommend meeting with clients

at least annually to review and update a plan, if needed. Additional reviews will be conducted upon a client's request. Such reviews and updates may be subject to our then current hourly rate. Written updates to the financial plan may be provided in conjunction with the review. If a client implements financial planning advice, clients will receive trade confirmations and monthly or quarterly statements from relevant custodians, as applicable.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

If EIP Associates make 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, EIP Associates may receive commission as insurance agents, generally based upon a percentage of the premiums paid. Such insurance commission is paid directly to the EIP Associate from the issuer of the insurance product. EIP makes this service available to clients simply as a convenience to clients. Clients are not obligated to purchase any insurance products from EIP Associates. The receipt of additional compensation presents a conflict of interest in that EIP Associates may be induced to recommend that clients purchase insurance products. While this may be true, EIP Associates endeavor at all times to act in the best interests of their clients, and recommendations to purchase insurance products are only made when they feel it is in the best interest of a client.

EIP formerly participated in the Fidelity Wealth Advisor Solutions Program ("WAS Program"), through which the firm received referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR, LLC, the parent company of Fidelity Investments. EIP is not affiliated with either SAI or FMR, LLC and SAI does not supervise or control EIP's investment management or advisory services.

Under the WAS Program, SAI acted as a solicitor for EIP and EIP paid referral fees to SAI for each referral that resulted in a client relationship for EIP for which assets under management fees are earned by EIP. While EIP no longer participates in the WAS program, EIP will continue to pay a referral fee for certain clients of the firm who were referred by SAI. EIP pays the following amounts to SAI for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of any and all assets in client accounts; for referrals made after April 1, 2017, the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by SAI and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven-year limitation. These referral fees are paid by EIP and not the client, and do not increase or decrease the level of any fee paid by the client pursuant to the normal and customary EIP fee schedule as described in Item 5 above. Thus, EIP does not believe a conflict of interest exists for clients referred to EIP by SAI.

In some cases, EIP may refer clients to a third-party professional for specific services. EIP is not compensated for these referrals. EIP makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party professional and clients do so at their own discretion. EIP is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party professional.

EIP currently engages solicitors from whom client referrals are received. These solicitors are not employees of EIP but instead are independent contractors with whom EIP has a business relationship. EIP 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 EIP associates may offer investment advice to referred clients. In the event that referred clients become advisory clients of EIP, EIP will compensate the solicitor for such referral. Compensation will be based on a percentage of the fee that EIP charges for its services. Advisory fees are fully described in Item 5 above.

In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If a client is referred to our firm by a Solicitor, the client will receive a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If a referred individual becomes an EIP client, the Solicitor that referred the person to our firm will receive a percentage of the advisory fee paid to our firm for as long as the referred person is a client with our firm, or until such time as our agreement with the Solicitor expires. Clients will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon a client entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to people for advisory services. This creates a conflict of interest; however, referred persons are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

EIP may, from time to time, accept reimbursement for costs associated with on-site inspections of product sponsors or investment managers to which clients' assets may or may not be directed, or marketing meetings at which product sponsors provide training and/or information about products they offer. Such costs will be associated with "due diligence" or "marketing" trips that allow associated persons of EIP to better analyze and understand a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by EIP to place client assets with a product sponsor or investment manager and will not influence EIP's decision to select a product or investment manager for its clients, other than to allow EIP's associated persons an opportunity to gain further knowledge.

## **Item 15 Custody**

EIP maintains custody of client funds or securities to the extent that it has the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. EIP also maintains custody because the firm allows clients to establish standing letters of authorization to disburse funds from client accounts to designated third-parties. All accounts are held at qualified custodians, and clients receive normal and customary custodial account statements at least quarterly, which detail the amount of advisory fees debited from an account and any disbursement activity. Clients are strongly encouraged to review all statements carefully. Clients, not account custodians, are responsible for verifying the accuracy of all fees.

### **Asset Transfer and/or Standing Letter of Authorization**

EIP, or persons associated with our firm, may effect asset transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do

so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

EIP is not required to obtain a surprise annual audit, as would otherwise be required by reason of having custody, as long as we meet the following criteria:

1. Clients provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. Clients authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Clients' qualified custodian verifies the authorization (e.g., signature review) and provides a transfer of funds notice to the client promptly after each transfer;
4. Clients can terminate or change the instructions;
5. EIP has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. EIP maintains records showing that the third party is not a related party to us nor located at the same address as us; and
7. Clients' qualified custodian sends client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

EIP confirms that it meets the above criteria.

## **Item 16 Investment Discretion**

EIP accepts discretionary authority to manage securities accounts on behalf of clients, upon express written permission from the client. Clients will execute required custodial applications granting discretion to EIP. Clients will also execute discretionary Investment Management Agreements. This discretionary authority will be limited to trading authorization only.

If a client enters into non-discretionary arrangements with our firm, we will obtain client approval prior to the execution of any transactions for client account(s). 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**

EIP 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 EIP 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**

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

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

On May 8, 2020, EIP received a Paycheck Protection Program ("PPP") loan in the amount of \$125,900 through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, EIP believed it was necessary and prudent to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support the firm's ongoing operations. EIP used the PPP funds to continue payroll for the firm's employees, including employees primarily responsible for performing functions that support the investment advisory services for our clients, and will make other permissible payments. The loan may be forgivable provided the firm satisfies the terms of the loan program.

## **Item 19 Additional Information**

### **Privacy Policy**

EIP maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. EIP 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.

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

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

### **Class Action Lawsuits**

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

### **IRA Rollover Considerations**

As part of our investment advisory services, we may recommend that clients withdraw assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on the client's behalf. If a client elects to roll the assets to an IRA that is subject to our management, we will charge an asset based fee as set forth in the agreement executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to a client for the purpose of generating fee based compensation rather than solely based on a client's needs. A client is under no obligation, contractually or otherwise, to complete the rollover. Moreover, if a client does complete the rollover, the client is under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of:

1. Leaving the funds in an employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage clients to speak with their CPA and/or tax attorney.

If a client is considering rolling over retirement funds to an IRA for us to manage, the following points should be considered by the client:

1. Determine whether the investment options in the employer's retirement plan address the client's needs or whether other types of investments should be considered.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.
2. The current plan may have lower fees than our fees.
  - a. If a client is interested in investing only in mutual funds, they should understand the cost structure of the share classes available in the employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. A client should understand the various products and services at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided in an employer's plan.
4. A client's current plan may also offer financial advice.
5. If a client keeps assets titled in a 401k or retirement account, the client could potentially delay their required minimum distribution beyond age 70.5.
6. A 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. Clients should consult with an attorney regarding any concerns for protecting retirement plan assets from creditors.
7. A client may be able to take out a loan on a 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If a client owns company stock in their plan, the client may be able to liquidate those shares at a lower capital gains tax rate.
10. A plan may allow a client to hire a manager and keep the assets titled in the plan name.