

**Form ADV Part 2A  
Firm Brochure**

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This brochure provides information about the qualifications and business practices of DLK Investment Management. If you have any questions about the contents of this brochure, please contact us at: (858) 433-3200, or by email at: [ddempster@dlkinvest.com](mailto:ddempster@dlkinvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about DLK Investment Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 2026

## Item 2-Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

No material changes since last update

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (858) 433-3200 or by email at: [ddempster@dlkinvest.com](mailto:ddempster@dlkinvest.com).

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## Item 4-Advisory Business

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### **Firm Description**

DLK Investment Management, (“DLK”) was founded in 2009 as a limited liability company.

DLK provides personalized investment management services to individuals, trusts, estates, charitable organizations and small institutional investors. Advice is provided through consultation with the client and may include: determination of financial objectives, investment time horizon, cash flow requirements, tax considerations and estate planning.

DLK is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. Also, no finder’s fees are accepted.

DLK does not act as a custodian of client assets. The client always maintains asset control. DLK places trades for clients under a limited power of attorney.

Periodic reviews are conducted to provide clients with updates on the progress of their financial goals. More frequent reviews may occur but are not necessarily communicated to the client unless immediate changes are recommended.

DLK can also create a financial plan when needed through its planning capabilities.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

An initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

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### **Principal Owners**

The firm is owned by Donald O. Dempster, Theodore J. Kay, and Peter J. Johnson

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### **Types of Advisory Services**

DLK provides investment supervisory services, also known as asset management services.

As of December 31, 2025, DLK managed approximately \$524,000,832 in assets for approximately 503 clients. Approximately \$458,699,653 in assets are managed on a discretionary basis with the remaining \$65,301,180 managed on a non-discretionary basis.

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### **Tailored Relationships**

Client accounts include customization as it pertains to their goals and risk tolerance. A key decision in the process is a client’s asset allocation, which is tailored accordingly. All these relevant issues are documented in DLK’s client relationship management system (“CRM”).

Agreements may not be assigned without the client’s consent.

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## **Types of Agreements**

The following agreements define the typical client relationships.

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### **Asset Management**

Assets are invested primarily in stocks, bonds and under certain circumstances exchange-traded funds, usually through discount brokers or banks. The client has the ultimate decision on where their account is held for custody. This usually dictates where the transactions in their accounts will be executed.

The brokerage firm charges a fee for stock and bond trades. DLK does not receive any compensation, in any form, from the brokerage firm or any fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (and mutual funds shares), U. S. government securities, and options contracts. Clients will not be charged a management fee on investments in mutual fund shares.

Initial public offerings (IPOs) are not available through DLK and usually aren't investments that meet the firm's investment process discipline.

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### **Financial Planning**

In addition to its investment management services, DLK may provide financial planning services to its advisory clientele who desire such services. Depending on the needs of the client, and at the discretion of the Firm, a written financial plan may be generated and delivered to the client. The Firm gathers information from its clients through in-depth personal interviews, the review of various financial documents, and/or confidential questionnaires completed by the clients.

Information gathered includes the client's current financial status, tax situation, and future goals. The Firm reviews the information gathered and delivers advice and recommendations.

Clients are free at all times to accept or reject any of DLK's financial planning recommendations and retain the authority and discretion over whether or not to implement any such suggestions. Should the client decide to implement any financial planning recommendations, the Firm advises the client to work closely with their attorney, accountant, insurance agent, or other professional.

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### **Retirement Plan Consulting**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investments options, plan structure and participant education.

Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.

- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.
- Participant Education – Our firm will also provide investment education to and for the benefit of Plan Participants. Accordingly, our firm will coordinate Participant investment education meetings, on an annual or, upon request, a more frequent basis.

In Providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”).

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, or firm acknowledges it fiduciary standard with the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

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### **IRA Rollover Recommendations**

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

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;

- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

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**WRAP Program**

The Adviser does not sponsor or provide investment management services to a wrap program.

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements, with a 30-day notice, at any time by notifying DLK in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, DLK will refund any unearned portion of their advance fees.

DLK may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, DLK will refund any unearned portion of the advance payment.

## Item 5-Fees and Compensation

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**Description**

DLK bases its fees on a percentage of assets under management and fixed fees for certain accounts not meeting the Firm's minimum fee of \$3,000 per annum.

The annual fee for Investment Management is based on a percentage of the investable assets according to the following schedule:

- ◇ 1.50% on the first \$1,000,000;
- ◇ 1.00% on the next \$5,000,000 (from 5,000,001 to 10,000,000); and
- ◇ 0.85% on the assets above \$10,000,000.

The annual fee for DLK's 401(k) consulting services is based on the market value of the client's account at the end of the preceding quarter according to the following schedule:

- ◇ 0.50% on the first \$2,000,000;
- ◇ 0.30% on the next \$3,000,000 (from 2,000,001 to 5,000,000); and
- ◇ 0.2% on the assets above \$5,000,000.

Fees are negotiable. Additionally, it should be noted that lower fees have been paid under former pricing schedules.

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**Fee Billing**

We normally charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You will need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

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### **Financial Planning Services**

The Firm may provide its clients with a range of financial planning services, which may include non-investment related matters. The Firm reserves the right to charge an hourly fee for such services. The Firm's financial planning fees range from \$250 to \$500 per hour depending on the level and scope of the services required and the professionals rendering the services. Financial planning fees are negotiable, and the Firm may waive all or a portion of the financial planning fees. If a client terminates the relationship with the Firm, a refund of any fees paid, less time and direct expenses incurred, will be made upon such termination. Any unpaid fees will be billed in arrears.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction costs are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

DLK, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

## **Item 6-Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Currently, DLK Investment Management does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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

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### **Description**

DLK generally provides investment advice to high-net-worth individuals, trusts, estates, charitable organizations, small institutional investors corporate pension and profit-sharing plans, individual retirement plans and other entities.

Client relationships vary in scope and length of service.

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### **Account Minimums**

The minimum account size is \$300,000 of assets under management, which equates to an annual fee of \$4,500.

DLK has the discretion to waive the account minimum. Accounts of less than \$300,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total up to the Firm's stated minimum within a reasonable time period. Other exceptions will apply to employees of DLK and their relatives, or relatives of existing clients.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental, statistical, and macro economic considerations.

The main sources of information include financial publications, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that DLK may use include Value Line Investment Research, Zacks Investment Research, YCharts, Charles Schwab & Company's Market Research and the internet.

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### **Investment Strategies**

The primary investment strategy used for client accounts is a fundamental relative-value approach to determine asset allocation between fixed-income and public equities with a goal of meeting requirements for current income and long-term capital appreciation.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Management Agreement that documents any client-driven exceptions to the recommended investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, equity, bond or option may decline in reaction to tangible and intangible events and conditions that occur. This type of risk is caused

by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, drug companies depend on developing and producing drugs, which is a very long, expensive and highly regulated process involving many phases of governmental approval. This lengthy process must be completed before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9-Disciplinary Information**

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### **Legal and Disciplinary**

On December 17, 2013, Brian Johnson settled allegations by the Financial Industry Regulatory Authority ("FINRA") concerning his handling of certain customer information of clients of his prior employer in violation of Regulation S-P. Without admitting or denying the FINRA's findings, the terms of the settlement to which Johnson agreed included a 10-day suspension from association with a FINRA-member firm. In brief, FINRA found that while Johnson was registered with his prior firm, Anchor Bay Securities, LLC ("ABS"), he sent a firm email to his personal email with an attached Excel spreadsheet containing customer information in violation of Regulation S-P. According to Johnson's Independent Contractor Agreement with ABS, he was allowed to notify and take with him clients that he had introduced to ABS while employed with the firm.

## Item 10-Other Financial Industry Activities and Affiliations

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### Affiliations

DLK has no other financial industry affiliations.

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

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### Code of Ethics

The Adviser has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Adviser's Compliance Officer and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser's Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of the Adviser's Code of Ethics by contacting the Compliance Officer of the Adviser.

### Participation or Interest in Client Transactions

DLK and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the DLK *Compliance Manual*.

### Personal Trading

DLK has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended, which establishes standards of conduct for DLK's supervised persons. The Code of Ethics includes general requirements that DLK's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. Clients and prospective clients may obtain a copy of DLK's Code of Ethics by contacting Don Dempster at (858) 433.3200 or ddempster@dlinvest.com.

Each supervised person of DLK receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. It also requires supervised persons to report any violations of the Code of Ethics promptly to DLK's Compliance Officer.

The Code of Ethics requires supervised persons to report their personal securities transactions and holdings to DLK's Compliance Officer and requires the Compliance Officer to review those reports. The Code of Ethics also requires all personnel to pre-clear all trades (including initial public offerings and private placements) for personal securities accounts with the Compliance Officer or designated senior trading personnel, other than trades with respect to specified "exempted securities" and certain *de minimis* transactions.

DLK does not buy securities from, or sell securities to, any investment advisory client. DLK and its partners, officers and employees may buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which DLK does not deem appropriate to buy or sell for clients. DLK's partners, officers and employees, may from time-to-time purchase or sell, or hold positions in, securities recommended to clients, including purchasing securities that are being sold for clients and vice versa. DLK's Code of Ethics seeks to ensure that such persons do not personally benefit from the short-term market effects of their recommendations to clients through several safeguards. First, as described above, DLK requires that all personnel pre-clear all trades for personal securities accounts (except trades with respect to specified "exempted securities") and certain *de minimis* transactions. In determining whether to pre-clear a trade, the Compliance Officer and the person requesting the trade must confirm that: (1) no client account has engaged in a transaction in that security (or an equivalent security) within the past five days and DLK does not plan to trade in such security (or an equivalent security) in the following five days; and (2) with respect to any sale, the person requesting the trade has held the security for at least 30 days (unless the security is being sold at a loss). The Compliance Officer may waive these restrictions then based on individual circumstances.

All personnel are required to have duplicate copies of confirmations or statements with respect to every brokerage account that they have sent to the Chief Compliance Officer in order to monitor compliance with DLK's personal trading policies and restrictions summarized above.

## **Item 12-Brokerage Practices**

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### **Selecting Brokerage Firms**

DLK does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services.

DLK recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

DLK does not receive fees or commissions from any of these arrangements.

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### **Best Execution**

DLK reviews the execution of trades at each custodian on a periodic basis. The review is documented in the DLK *Compliance Manual*. Trading fees charged by the custodians is also reviewed. The majority of DLK's trading is done through discount brokers or brokers selected by the client. DLK does not receive any portion of the trading fees.

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**Soft Dollars**

DLK has no arrangements where it receives a credit or any sort of non-dollar benefit from a broker or custodian for executing trades.

**Schwab Adviser Services™ Specific Disclosures**

This selection is designed to relate to Schwab, but since The Adviser offers a multi-custodial platform, some of the descriptions below will reflect that fact.

**Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (e.g., mutual funds or ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. For some accounts, Schwab charges you a percentage of the dollar amount of assets in the account in lieu of commissions. In addition to commissions and asset-based fees, Schwab would charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that, if applicable, a TPAM executes for our clients at a different broker-dealer, but where securities bought or the funds from securities sold are deposited (settled) into your Schwab account. These fees would be in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we seek and encourage you and your IAR to execute trading costs through the Schwab (or other custodians that you may utilize as part of The Adviser's service). Trading away can sacrifice best execution and incur additional costs from the other firm, as well as fees from our custodians to transfer in those positions.

**Products and Services Available to Us from Schwab**

Schwab Adviser Services serves independent investment advisory firms like The Adviser. They provide our clients with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage and grow our business. Schwab's support services are generally available on unsolicited business (The Adviser does not have to request them) and at no cost to us. The following material provides a more detailed description of Schwab support services.

**Services that benefit you.**

Schwab institutional brokerage services include access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment

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

#### Service that do not directly benefit you.

Schwab also makes available other products and services that benefit us but do not directly benefit you and or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of 3<sup>rd</sup> parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained in Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

We do not open accounts for you, although we may assist you in doing so. To the extent that your account is maintained at Schwab (or any other The Adviser's other custodians for that matter), and most trades may occur through Schwab or such other designated custodian, such custodians have the ability to use other brokers to execute trades for your account.

#### Your Brokerage and Custody Costs

For our client's accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, mutual funds and ETDs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. For some accounts, Schwab charges you a percentage of the dollar amount of the assets in the account in lieu of commissions.

#### Services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. Their services include:

- Educational conference and events;

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

The Adviser intends to use the benefit to cover some of the costs of its annual sales and due diligence conference for our investment advisory personnel and supervised persons. This is being included as a conflict of interest. It serves as an incentive to use Schwab over other custodians.

At the same time, The Adviser included a disclosure that The Adviser obtains financial benefit when The Adviser or its personnel invite product providers, such as a mutual fund company, insurance company and private placement sponsor, to a meal, educational or entertainment events, and they pay the bills for such events.

Schwab provides some of these services itself. In other cases, it will arrange for 3<sup>rd</sup> party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or part of the 3<sup>rd</sup> party fees. Schwab may also provide us with other benefits, such as occasional business entertainment for our personnel.

#### Our interest in Schwab's services, as well as the service of other Custodians.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's ancillary services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf. The fact that we receive these benefits from Schwab is an incentive for us to recommend/request the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, whichever custodian we use, our selection of the custodians, whether Schwab or otherwise, as custodian and broker is driven by the Best Interest of our clients. Our selection is primarily supported by the scope, quality, and price of custodian's services and not service that benefit only us.

Research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from TD Ameritrade Institutional benefits our firm because it does not have to produce or purchase them as long as firm clients maintain assets in accounts at TD Ameritrade Institutional. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than your interest in receiving favorable trade execution. It is important to mention that the benefit

received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole - not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select.

We do not engage in solicitation activities involving unregistered persons. If we receive or offer an introduction to a client, we do not pay or earn a referral fee, nor are there established *quid pro quo* arrangements. Each client has the right to accept or deny such referral or subsequent services.

An associate of the firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all of these entities' websites (or other listings). Prospective clients locating our advisory firm or an associate via these methods are not actively marketed by the noted associations. Clients who find our firm in this way do not pay more for their services than clients referred in any other fashion. The firm does not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

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### **Order Aggregation**

The Adviser may purchase and/or sell the same security for many accounts, even though each Client account is individually managed. When possible, the Adviser may also aggregate the same transaction in the same securities for many Clients for whom the Adviser has discretion to direct brokerage. Clients in aggregated transactions each receive the same price per unit, although they may pay differing brokerage commissions depending upon the nature of their directed brokerage arrangement, if any. If the Adviser is trading across multiple custodians, prices may be different based on timing of trades.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If the Adviser is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, the Adviser will allocate the filled portion of the transaction to clients based on an equitable rotational system as follows:

- The Adviser must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.
- All clients/investors, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Adviser's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients/investors, accounts or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement and the variance from the modeled allocation of a security. Client/investor funds held collectively for the purpose of completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.
- Each client/investor, account or fund that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client/investor's, account's or fund's participation in the transaction.
- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client/investor, account or fund as detailed in any written agreements. No additional compensation shall result from the proposed allocation. No Client/investor, account or fund will be favored over any other Client/investor, account or fund as a result of the allocation.
- Pre-allocation statement(s) specifying the participating Client/investor accounts and the proposed method to allocate the order among the clients/investors, accounts or funds are required prior to any allocated order. Basis for establishing pre-allocations may include pro-rata of account assets to assets for the specific strategy, executing broker and variance from modeled position holding as factors. Should the actual allocation differ from the allocation statement, such trade may only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Adviser.

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### **Directed Brokerage**

In some instances, a client can instruct DLK to execute some or all securities transactions for its account with or through one or more brokers designated by the client. In such cases, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such broker and his or her own satisfaction with such terms and conditions.

We do not assume any responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for such client's account. The client must recognize that it may not obtain commission rates as low as it might otherwise obtain if we had discretion to select broker-dealers other than those chosen by the client and, as a result may not receive best execution on transactions due to the client's direction. Clients should also be aware that conflicts may arise between a client's interest in receiving best

execution with respect to transactions effected for the client's account and our interest in potentially receiving future client referrals from the broker.

Any client instruction to DLK regarding brokerage transactions must be in writing. Additionally, any client request to DLK to cease executing transactions with or through any such broker-dealer, must also be in writing.

## Item 13-Review of Accounts

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### Periodic Reviews

Account reviews are performed quarterly by Ted Kay Partner/Portfolio Manager and Brian Johnson Portfolio Manager. Account reviews are performed more frequently when market conditions dictate and at the request of clients. In addition, the firm holds a periodic Operations & Compliance Meeting.

In addition, on a quarterly basis, the CCO reviews the following compliance and operations topics:

- Broker commissions;
- Code of Ethics violations, if any;
- Client complaints, if any;
- Disclosures of gifts;
- Trade errors;
- Compliance training; and
- Any other compliance related matters that require attention

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### Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### Regular Reports

All portfolio managers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. Most clients receive a monthly statement of their holdings and a written quarterly update.

## Item 14-Client Referrals and Other Compensation

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### Other Compensation

As previously disclosed in Item 12: Brokerage Practices, we do receive certain other economic benefits from custodians and certain investment companies, such as (i) compliance,

legal and business consulting; (ii) publications and conferences on practice management; and (iii) educational or business events. It is against our policy to recommend a custodian, subadvisor or investment company based solely on the economic benefits available to our firm.

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### **Incoming Referrals**

DLK may also engage solicitors to whom it will pay a portion of the fees paid by clients referred by those solicitors. All solicitors who refer clients will be in compliance with the requirements of the jurisdiction where they operate. When applicable the solicitors will be licensed as investment advisers or notice filed in the appropriate jurisdictions.

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### **Referrals Out**

DLK does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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## **Item 15-Custody**

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### **Account Statements**

All assets are held at qualified custodians. Which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by DLK.

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## **Item 16-Investment Discretion**

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### **Discretionary Authority for Trading**

DLK accepts discretionary authority to manage securities accounts on behalf of clients. DLK has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, DLK consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given. Examples include concentrated positions of stock from a previous employer or stocks which were gifts from family members.

The client approves the custodian to be used and the commission rates paid to the custodian. DLK does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment strategy that you have approved.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

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## Item 17-Voting Client Securities

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### Proxy Votes

Unless the client designates otherwise, DLK will not vote proxies, or give any advice about how to vote proxies for securities over which it maintains discretionary authority. In limited circumstances and when agreed upon by both parties, DLK may vote proxies consistent with its proxy voting policy. A copy of DLK's proxy voting policy is available upon request.

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### Class Actions

As a fiduciary, DLK always seeks to act in Clients' best interests with good faith, loyalty, and due care. Upon receipt of notification of a class action, the CCO in conjunction with the PM will determine whether participation is in the best interests of the Clients. Should DLK decide that the benefits of participation outweigh the costs, the CCO will oversee the completion of Proof of Claim forms and any Associated documentation, the submission of such documents to the claim administrator, and the receipt of any recovered monies. The CCO will maintain documentation Associated with Clients' participation in class action lawsuits.

Employees must notify the CCO if they are aware of any material conflict of interest Associated with Clients' participation in class actions. The CCO will evaluate any such conflicts and determine an appropriate course of action for DLK.

DLK generally does not serve as the lead plaintiff in class action lawsuits because the costs of such participation typically exceed any extra benefits that accrue to lead plaintiffs.

## Item 18-Financial Information

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### Financial Condition

DLK does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because DLK does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Business Continuity Plan

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### General

DLK has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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### Disasters

The Business Continuity Plan covers natural disasters such as fires, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event,

communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

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### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

## **Information Security Program**

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### **Information Security**

DLK maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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### **Privacy Notice**

DLK is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.