

ADV PART 2A BROCHURE



CALLAHAN CAPITAL MANAGEMENT, INC.
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This brochure provides information about the qualifications and business practices of Callahan Capital Management, Inc. ("CCM"). If you have any questions about this brochure's contents, please contact us at (970) 870-8750. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority. CCM is a Registered Investment Adviser ("RIA"). Registration as an Investment Adviser with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about CCM is available on the SEC's website at <http://www.adviserinfo.sec.gov/>. You can search this site by a unique identifying number called an IARD number. The IARD number for CCM is 110568.

ITEM 2 - MATERIAL CHANGES

SUMMARY OF MATERIAL CHANGES

Under federal and state law, fiduciaries must make full disclosure to Clients of all material facts relating to the advisory relationship. This brochure provides clients or prospective clients with information and conflicts of interest about Callahan Capital Management, Inc. that should be considered before or when obtaining our investment advisory services. We are required to update this item to describe the material changes made to this brochure on an annual basis and deliver to you, within 120 days of the end of the fiscal year, a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide an updated brochure and how to obtain it. We will also provide interim disclosures regarding material changes, as necessary.

Since the last annual amendment filing on March 21, 2025, no material changes have been made.

This brochure may be updated periodically for non-material changes to clarify and provide additional information.

QUESTIONS & CONCERNS

We encourage you to read this document in its entirety. Our Chief Compliance Officer, David Shepard, remains available to address any questions or concerns regarding this Part 2A Brochure, including any material change disclosure or information described below.

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ITEM 4 - ADVISORY BUSINESS

ABOUT OUR FIRM

Callahan Capital Management, Inc. is currently registered with the Securities and Exchange Commission ("SEC") as an investment adviser, with its principal place of business located in Colorado. Callahan Capital Management, Inc. has been in business since 1995, and its principal owner is David Shepard. Our Firm was registered with the SEC as an investment adviser in 2017. Registration as an Investment Adviser with the United States SEC or any state securities authority does not imply a certain level of skill or training. Our Firm currently has offices located in Steamboat Springs, CO and Centennial, CO.

This brochure is designed to provide detailed and precise information about each item noted in the table of contents. Certain disclosures are repeated in one or more items, and other disclosures are referred throughout to be as comprehensive as possible on the broad subject matters discussed.

Within this brochure, specific terms in either are used as follows:

- "CCM" refers to Callahan Capital Management, Inc.
- "Firm," "we," "us," and "our" refer to Callahan Capital Management, Inc.
- "Advisor," "Investment Advisor Representative," and "IAR" refers to our professional representatives who provide investment recommendations or advice on behalf of Callahan Capital Management, Inc.
- "You," "yours," and "Client" refers to Clients of Callahan Capital Management, Inc. and its advisors.
- "Code" refers to our Firm's Code of Ethics.
- "CCO" refers to our Chief Compliance Officer.

ADVISORY SERVICES WE OFFER

Our Firm offers a variety of advisory services, which include discretionary and non-discretionary investment management, financial planning, and retirement services. Before rendering any preceding advisory services, Clients must enter into one or more written Investment Advisory Agreements ("Agreements"), setting forth the relevant terms and conditions of the advisory relationship.

We do not provide tax or legal advice. Clients should consult with an expert on tax or legal issues.

Our Firm manages portfolios for individuals, high-net-worth individuals and families, estates, trusts, retirement plans, corporations, and charitable foundations. We provide investment management and advisory services to multi-generational families using separately managed accounts under a custodial relationship with an independent brokerage firm.

With our discretionary relationship, we will change the portfolio as appropriate to help meet your financial objectives. We trade Client portfolios based on our Firm's market views and the Client's financial goals.

With our non-discretionary relationship, we will provide recommendations to help meet your financial objectives, but we must obtain your approval before making any transactions in your account.

We primarily invest in individual stocks, bonds, ETFs, U.S. Government Treasuries, Corporate Bonds, Municipal Bonds, Mutual Funds, ADRs, Private Funds, and ESG. A portion of the account may be held in cash, cash equivalents, or money market funds as part of the overall investment strategy. Cash balances may have a higher concentration and represent a sizable portion of your overall portfolio, depending on the current investment outlook or strategy.

Clients may impose reasonable restrictions on investing in certain securities by notifying Us through written notification.

Clients are advised to promptly notify us if there are changes in their financial situation or if they wish to place any limitations on managing their portfolios.

Callahan Capital Management, Inc. can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. Callahan Capital Management, Inc. only recommend such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based on the value of the assets being managed gross of any margin or borrowing.

LEGACY MANAGEMENT SERVICES

Our Firm may advise a Client about legacy positions or other investments in Client portfolios. Clients can limit or restrict our trading and/ or billing in these positions.

FINANCIAL PLANNING SERVICES

Our Firm offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which may address one or several topics: Investment Planning, Retirement Planning, Insurance Planning, Tax Planning, Education Planning, Portfolios, and Allocation Review.

Unless otherwise agreed to in writing, the Client is solely responsible for determining whether to implement our financial planning recommendations. Our financial planning services do not involve implementing transactions on your behalf nor include active and ongoing monitoring or management of your investments or accounts.

The Client must execute a separate written agreement if the Client elects to implement any of our investment recommendations through our Firm or retain our Firm to monitor and manage investments actively.

CONSULTING SERVICES & ASSETS UNDER ADVISEMENT

Our investment consulting and advisement services are designed to meet our Client's financial goals, needs, and objectives involving analysis of a Client's investments, such as variable life insurance and annuity contracts and assets held in employer-sponsored retirement plans, and qualified tuition plans (i.e., 529 plans) held externally from our Firm. In these situations, our Firm may direct or recommend allocating assets among the various investment options available within the product.

MONEYGUIDE PRO ADVISOR PLATFORM

Our Firm makes available to Clients the "MoneyGuide Pro" platforms to provide periodic comprehensive reporting services that can incorporate all the Client's investment assets, including those investment assets that are not part of the assets managed by our Firm ("Excluded Assets"). The Client and their other advisors that maintain trading authority, and not our Firm, shall be exclusively responsible for the investment performance of the excluded assets.

Unless otherwise expressly agreed to in writing, our Firm's service relative to the excluded assets is limited to reporting only. Therefore, we shall not be responsible for the investment performance of the excluded assets. Instead, the Client and the Client's designated outside investment professional(s) maintain supervision, monitoring, and trading authority for the excluded assets. If our Client prefers, we will make recommendations as to any excluded assets. The Client has no obligation to accept the recommendation,

and we shall not be responsible for any implementation error (timing, trading, etc.) relative to the excluded assets. The Client may engage us under the terms and conditions of a Consulting or Investment Advisory Agreement between our Firm and the Client.

MoneyGuide Pro Platform may also provide access to other types of information, including financial planning concepts, which should not be construed as our Firm's personalized investment advice or recommendations. Without our assistance or oversight, we shall not be held responsible for any adverse results a Client may experience if the Client engages in financial planning or other functions available on the MoneyGuide Pro Platform.

RETIREMENT PLAN SERVICES

When providing any non-discretionary investment advisory services, we will solely be making investment recommendations to the Sponsor, and the Sponsor retains full discretionary authority or control over assets of the retirement plan. We agree to perform any non-discretionary investment advisory services to the retirement plan as a fiduciary, as defined in ERISA Section 3(21)(A)(ii). We 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.

When providing administrative services, we may support the Sponsor with plan governance and committee education; vendor management and service provider selection and review; investment education; or plan participant non-fiduciary education services. We agree to perform any administrative services solely in a capacity that would not be considered a fiduciary under ERISA or any other applicable law.

When offering investment models to plan sponsors, under certain circumstances, we will act as a "fiduciary" as defined under Section 3(21) of ERISA and Section 4975I (3) of the Internal Revenue Code of 1986, as amended (the "Code").

When applicable, our Firm accepts its appointment as an "Investment Manager" within the meaning of Section 3(38) of ERISA (but only concerning those plan assets constituting the portfolio models). We will not have any authority or responsibility in the administration of the Plan (including the selection of portfolio models for the Plan) or interpretation of any Plan document. Our Firm agrees it will act in a manner consistent with the requirements of a fiduciary under ERISA and the Code. We further agree that all investment management powers, duties, and responsibilities relating to the portfolio shall be exercised exclusively by our Firm per the Plan.

ROLLOVER RECOMMENDATION DISCLOSURE

Our Firm is considered a fiduciary under the Investment Advisers Act of 1940. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We must act in your best interest and not put our interests ahead of yours. At the same time, how we make money conflicts with Client interests.

A Client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options):

- leave the money in the former employer's plan, if permitted,
- roll over the assets to the new employer's plan, if one is available and rollovers are permitted,
- rollover to an Individual Retirement Account ("IRA"), or
- cash out the account value (which depending upon the Client's age, could result in adverse tax consequences).

Our Firm may recommend a Client rollover plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its advisors may earn an asset-based fee on the rolled assets. In contrast, a recommendation that a Client leave their plan assets with their previous employer or rollover the assets to a plan sponsored by a new employer will result in no compensation to our Firm. Therefore, our Firm has an economic incentive to encourage a Client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are numerous factors that our Firm will consider before recommending a rollover, including but not limited to:

- the investment options available in the plan versus the investment options available in an IRA,
- fees and expenses in the plan versus the fees and expenses in an IRA,
- the services and responsiveness of the plan's investment professionals versus those of our Firm,
- protection of assets from creditors and legal judgments,
- required minimum distributions and age considerations, and
- employer stock tax consequences, if any.

The Chief Compliance Officer remains available to address client questions regarding the supervision and oversight of rollover and transfer assets.

SEMINARS & WORKSHOPS

Our Firm occasionally provides financial, retirement, estate, and college planning seminars. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants.

CLIENT OBJECTIVES & RESTRICTIONS

Our Firm tailors our investment management and advisory services continuously to meet the needs of our Clients. We seek to ensure Client portfolios are managed consistently with those needs and objectives in mind. We meet with Clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints, and other related factors relevant to managing their portfolios. Clients may impose reasonable restrictions on managing the accounts if the conditions do not impact the performance of a management strategy.

WRAP FEE PROGRAM

Our Firm does not sponsor or participate in a Wrap Program.

REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2025, our Firm had \$217,474,510 in regulatory assets under management, approximately \$215,931,726 of which was managed on a discretionary basis and \$1,542,784 on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

In addition to the information provided in Item 4 – Advisory Business, this section details our Firm's services and each service's fees and compensation arrangement. The Client and Callahan Capital Management, Inc.'s

Investment Advisory Agreement will outline and agree upon the exact costs and other terms related to the Client's Accounts.

INVESTMENT MANAGEMENT FEE

Our Firm offers investment management services for an annual fee based on the amount of assets under management. Our maximum annual fee is 1.00%

Our annual fee is reasonable in relation to (1) the services provided and (2) the fees charged by other investment advisers offering similar services/programs.

Our annual fee is prorated and charged quarterly in advance based on the value of the Client's assets under management as of the close of business on the last business day of the previous quarter. Cash and cash equivalents, including money market funds, are subject to the agreed-upon advisory fee. Clients should understand that the advisory fees charged on these balances may exceed the returns provided by cash, cash equivalents, or money market funds, especially in low-interest rate environments.

Our Firm retains complete discretion to negotiate fees and may waive or impose different fees on any Client. The investment advisory fees will be deducted from your account and paid directly to our Firm by the qualified Custodian(s) of your account. The Client will authorize your account's qualified Custodian(s) to deduct fees from the account and pay such fees directly to our Firm. All account assets, transactions, and advisory fees will be shown on the monthly or quarterly statements provided by the Custodian. You should review your account statements received from the qualified Custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified Custodian(s) will not verify the accuracy of the investment advisory fees deducted. We may aggregate related Client accounts to calculate the advisory fee applicable to the Client. The investment management agreement will outline the fee charged to a Client and any breakpoints based on the level of assets managed. The fees are subject to change with prior written notice to the Client.

Our annual investment advisory fee may be higher than that of other investment advisers that offer similar services and programs. In addition to our compensation, you may incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Accounts initiated during a calendar quarter will have the first quarter of management fees waived. Accounts terminated during a calendar quarter will be charged a prorated fee based on the days the Client account was open during that quarter. Any prepaid, unearned fees will be refunded upon termination of any account.

LEGACY MANAGEMENT FEE

Managed legacy positions are included within our Firm's standard investment management fee and are outlined in the executed investment management agreement. Unmanaged legacy positions are excluded from the management fee.

FINANCIAL PLANNING FEE

Financial planning services are included as part of our Firm's standard advisory fees, eliminating the need for separate charges for financial planning engagements. Detailed information regarding your specific fees can be found in your investment advisory agreement.

RETIREMENT PLAN SERVICE FEE

Retirement plan services are included as part of our Firm's standard advisory fees, eliminating the need for separate charges for retirement plan service engagements. Detailed information regarding your specific fees can be found in your investment advisory agreement.

ADDITIONAL FEES & EXPENSES

In addition to the advisory fees paid to our Firm, Clients also incur certain charges imposed by other third parties, such as broker-dealers, Custodians, trust companies, banks, and other financial institutions. These additional charges include securities, transaction fees, custodial fees, fees charged by the SMA, ITPM, and Manager charges imposed by a mutual fund or ETF (Exchange Traded Funds) in a Client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12 below. Neither our Firm nor its supervised persons accept commission compensation for selling securities or other investment products. Further, we do not share any additional fees and expenses outlined above.

Our Firm's investment strategies may include mutual and exchange-traded funds ("ETFs"). Our policy is to purchase institutional share classes of those mutual funds selected for the Client's portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund, and one share class may have a lower expense ratio than another. Mutual fund expense ratios are in addition to our fees; we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, we may use them in the Client's portfolio or convert the existing mutual fund position to the lower-cost share class. Clients who transfer mutual funds into their accounts with our Firm would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a Client's transactions in fund shares (e.g., for rebalancing, liquidations, deposits, or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

When selecting investments for our Clients' portfolios, we might choose mutual funds on your account Custodian's Non-Transaction Fee (NTF) list. This means that your account Custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in the Client's Custodial NTF fund program pay a fee to the Custodian to be included in the NTF program. The mutual fund owners bear the fee that a company pays to participate in the program, as captured in the fund's expense ratio. When choosing a fund from the Client's Custodial NTF list, our Firm considers the expected holding period, position size, and expense ratio versus alternative funds. Depending on our Firm's analysis and future events, NTF funds might not always be in the Client's best interest.

ITEM 6 - PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

Performance-based fees are based on a share of capital gains on or appreciation of the assets in a Client's account.

Our Firm does not accept performance-based or other fees based on a share of capital gains or appreciation of a Client's assets.

ITEM 7 - TYPES OF CLIENTS

Our Firm provides discretionary and non-discretionary investment management, financial planning, and retirement services to for individuals, high-net-worth individuals and families, estates, trusts, retirement plans, corporations, and charitable foundations.

For fee calculation purposes, unless instructed otherwise, we will automatically aggregate related client accounts, a practice commonly known as "householding" portfolios. Householding may result in lower fees than if each account were billed separately, as the combined value is used to determine the account size and the corresponding annualized fee.

Our approach to householding considers the overall family dynamic and relationship. Additionally, if applicable, and as noted in Appendix B of the Investment Management Agreement, legacy positions may be excluded from the fee calculation.

Clients must execute a written agreement with our Firm specifying the advisory services to establish a Client arrangement with us.

ITEM 8 - METHODS OF ANALYSIS, STRATEGIES, & RISK OF LOSS

METHODS OF ANALYSIS

Our Investment Advisory Representatives will generally use the following analysis methods to formulate our investment advice and manage Client assets. However, each IAR can manage its Client's account as necessary, and their specific analysis method may vary from below. Clients should acknowledge that investing in securities involves the risk of loss, regardless of the strategies, that Clients should be prepared to bear.

ASSET ALLOCATION

We attempt to identify an appropriate selection of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. We then select individual securities to achieve the asset allocation goal. We believe that diversification within a portfolio's assets can help reduce downside volatility and we believe investment portfolios should have a mix of asset classes and within each class.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. Asset allocation, diversification, and security selection do not guarantee a profit or protect against a loss. The risk of investing in individual securities is simply the risk of choosing a security that will perform worse than other available securities. Also, events can impact individual securities to a greater extent than the market as a whole.

FUNDAMENTAL

Fundamental analysis attempts to identify stocks offering sturdy growth potential at a competitive price by examining the underlying company's business and conditions within its industry or the broader economy. Investors have traditionally used fundamental analysis for longer-term trades, relying on metrics such as earnings per share, price-to-earnings ratio, price-to-earnings growth, and dividend yield.

MUTUAL FUND OR ETF

Our Firm examines the experience and track record of the Manager of the mutual fund or ETF to determine if that Manager has demonstrated an ability to invest over a period of time and in different economic conditions.

Our Firm also looks at the underlying assets in a mutual fund or ETF to determine if there is a significant overlap in the underlying investments held in other funds in the Client's portfolio. Our Firm also monitors the funds or ETFs to determine if they continue to follow their stated investment strategy.

TECHNICAL

Technical analysis is a form of security analysis that uses price and volume data, typically displayed graphically in charts. The charts are analyzed using various indicators to make investment recommendations. Technical analysis has three main principles and assumptions: (1) The market discounts everything, (2) prices move in trends and countertrends, and (3) price action is repetitive, with specific patterns reoccurring.

RISKS FOR ALL FORMS OF ANALYSIS

Our Firm's securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that the analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

Our Firm may use any of the following investment strategies when managing Client assets and providing investment advice:

LONG-TERM HOLDING

Our Firm purchases securities with the intent to hold them in the Client's account long-term (longer than one year). In extreme circumstances, we may be forced to sell a fund completely within a year of buying it. An example would be a fund Manager resigns, and we do not have confidence in the new management. Also, fund positions may be trimmed occasionally to rebalance the portfolio.

A risk in a long-term purchase strategy is that holding the security for this length of time may decline in value before we decide to sell. We do not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy we may use, or the success of the overall management of the account. The Client understands that the investment decisions our Firm makes for the Client's account are subject to various market, currency, economic, political, and business risks and that those investment decisions will not always be profitable. Clients are reminded that investing in any security entails the risk of loss, which they should be willing to bear.

STRATEGIC ASSET ALLOCATION

The primary investment strategy used by our Firm is based on the diversification of the Client's assets among various investment vehicles and asset classes, popularly termed "Asset Allocation." Our Firm's recommendations focus primarily on achieving a diversified portfolio of investment assets with desirable risk and return characteristics. We meet regularly to evaluate new and reevaluate existing investment opportunities. During these meetings, we deliberate on issues regarding the proper allocation of Client assets based on current conditions.

DESCRIPTION OF MATERIAL, SIGNIFICANT OR UNUSUAL RISKS

Our Firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our Firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our Firm may debit advisory fees for our services related to our Asset Management and Comprehensive Portfolio Management services, as applicable.

RISK OF LOSS

A Client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws, and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Our Firm will assist Clients in determining an appropriate strategy based on their tolerance for risk.

While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

ACTIVE MANAGEMENT RISK

Due to its active management, a portfolio could underperform other portfolios with similar investment objectives or strategies.

ALLOCATION RISK

A portfolio may use an asset allocation strategy to pursue its investment objective. There is a risk that a portfolio's allocation among asset classes or investments will cause a portfolio to lose value or cause it to underperform other portfolios with a similar investment objective or strategy or that the investments themselves will not produce the returns expected.

CAPITALIZATION RISK

Small-cap and mid-cap companies may be hindered due to limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.

COMPANY RISK

The risk related to a Firm's business plans, stock valuation, profitability, accounting practices, growth strategy, and other factors particular to a company rather than the overall market. Some of these risks cannot be predicted, such as the retirement or death of a senior executive, which may lead to negative performance in the future.

CONCENTRATION RISK

Strategies concentrated in only a few securities, sectors or industries, regions or countries, or asset classes could expose a portfolio to greater risk. They may cause the portfolio value to fluctuate more widely than a diversified portfolio. Overexposure to certain sectors or asset classes (e.g., MLPs, REITs, etc.) may be detrimental to an investor if there is a negative sector move.

CREDIT RISK

The credit rating of an issuer of a security is based on, among other things, the issuer's historical financial condition and the rating agencies' investment analyses at the time of rating. An actual or perceived deterioration of the ability of an issuer to meet its obligations would harm the value of the issuer's securities.

CYBERSECURITY RISK

Increased Internet use makes a portfolio susceptible to operational and informational security risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include but are not limited to infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means to misappropriate assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches of third-party service providers may cause disruptions at third-party service providers and impact our business operations, potentially resulting in financial losses; the inability to transact business; violations of applicable privacy and other laws, regulatory fines, or penalties; reputational damage; unanticipated expenses or other compensation costs; or additional compliance costs. Our Firm has an established business continuity and disaster recovery plan and related cybersecurity procedures designed to prevent or reduce the impact of such risks; there are inherent limitations in such plans and systems due in part to the evolving nature of technology and cyberattack tactics.

DEFLATION RISK

When inflation or expectations are low, the value and income of an account's investments in inflation-linked securities could fall, resulting in losses.

EQUITY RISK

Equity instruments are subject to equity market risk, the risk that common stock prices fluctuate over short or extended periods. Equity securities have greater price volatility than fixed-income securities. The market price of equity securities may increase or decrease, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting markets, industries, sectors or geographic regions represented in those markets, or individual security concerns.

EVENT RISK

The possibility is that an unforeseen event will negatively affect a company or industry and, thus, increase security volatility.

FIXED INCOME & DEBT RISK

Debt securities are affected by changes in interest rates. When interest rates rise, the value of debt securities is likely to decrease. Conversely, when interest rates fall, the values of debt securities are likely to increase. The values of debt securities may also be affected by changes in the issuing entities' credit rating or financial condition.

FREQUENT TRADING RISK

A portfolio Manager may actively and frequently trade investments in a portfolio to carry out its investment strategies. Frequent trading of investments increases the possibility that a portfolio, as relevant, will realize taxable capital gains (including short-term capital gains, which are typically taxable at higher rates than long-term capital gains for U.S. federal income tax purposes), which could reduce a portfolio's after-tax return. Frequent trading can also mean higher brokerage and other transaction costs, which could reduce a portfolio's return. The trading costs and tax effects of portfolio turnover can adversely affect its performance.

INDUSTRY OR SECTOR RISK

An account that focuses its investments in specific industries or sectors is more susceptible to developments affecting those industries and sectors than a more broadly diversified fund. Issuers in a single industry can react similarly to market, economic, industry, social, political, regulatory, and other conditions. For example, suppose an account has significant investments in technology companies. In that case, the account may perform poorly during a downturn in one or more industries or sectors that heavily impact technology companies.

INTEREST RATE RISK

When interest rates increase, the value of the account's investments may decline, and the account's share value may decrease. This effect is typically more pronounced for intermediate and longer-term obligations. This effect is also typically more pronounced for mortgages and other asset-backed securities since the value may fluctuate more significantly in response to interest rate changes. When interest rates decrease, the account's current income may decline.

LEGACY HOLDING RISK

Investment advice may be offered on any investment a Client holds at the start of the advisory relationship. Depending on tax considerations and Client sentiment, these investments will be sold over time, and the assets invested in the appropriate strategy. As with any investment decision, there is the risk that timing with respect to the sale and reinvestment of these assets will be less than ideal or even result in a loss to the Client.

LIQUIDITY RISK

Low trading volume, large positions, or legal restrictions are some conditions that could limit or prevent a portfolio from selling securities or closing positions at desirable prices. Securities that are relatively liquid when

acquired could become illiquid over time. The sale of any such illiquid investment might be possible only at substantial discounts or might not be possible at all. Further, such investments may take more work to value.

MANAGEMENT RISK

An account is subject to the risk that judgments about the attractiveness, value, or potential appreciation of the account's investments may prove to be incorrect. If the selection of securities or strategies fails to produce the intended results, the account could underperform other accounts with similar objectives and investment strategies.

MARKET RISK

Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money, and your investment may be worth less upon liquidation. Due to a lack of demand in the marketplace or other factors, an account may only be able to sell some or all the investments promptly or may only be able to sell assets at desired prices.

MUNICIPAL BOND RISK

Investments in municipal bonds are affected by the municipal market and the factors in the cities, states, or regions where the strategy invests. Issues such as legislative changes, litigation, business and political conditions relating to a particular municipal project, municipality, state, or territory, and fiscal challenges can impact the value of municipal bonds. These matters can also impact the ability of the issuer to make payments. Also, the public information about municipal bonds is less than that for corporate equities or bonds. Additionally, supply and demand imbalances in the municipal bond market can cause deterioration in liquidity and a lack of price transparency.

MUTUAL FUND OR ETF RISK

Our models and accounts may use certain ETFs and mutual funds to invest primarily in alternative investments or strategies. Investing in these alternative investments and strategies may only be suitable for some of our Clients. These include special risks, such as those associated with commodities, real estate, and leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes, and potential ill-liquidity. Special risks are associated with ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values or changes in interest rates and price volatility due to the ETF's concentration in the real estate market.

The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of Managers, and the fund straying from its objective (*i.e.*, style drift). Mutual funds have certain costs associated with underlying transactions and operating costs, such as marketing and distribution expenses and advisory fees. Mutual fund costs and expenses vary from fund to fund and will impact a mutual fund's performance. Additionally, mutual funds typically have different share classes, as further discussed below, that trade at different Net Asset Values ("NAV") as determined at the daily market close and have different fees and expenses.

REINVESTMENT RISK

The possibility of investing a bond's cash flows at a rate lower than the expected rate of return assumed at the time of buying the bond. Reinvestment risk is high for bonds with long maturities and high coupons.

SECTOR RISK

The danger is that the stocks of many companies in one sector (like health care or technology) will fall in price simultaneously because of an event that affects the entire industry.

SECURITIES LENDING RISK

Securities lending involves the risk that the fund loses money because the borrower fails to return the securities promptly. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

SOCIALLY RESPONSIBLE INVESTING & ESG RISK

Clients utilizing responsible investing strategies and environmental, social responsibility, and corporate governance (ESG) factors may underperform strategies that do not utilize responsible investing and ESG considerations. Responsible investing and ESG strategies may operate by excluding certain issuers' investments or by selecting investments based on compliance with factors such as ESG. This strategy may exclude certain sectors or industries from a Client's portfolio, potentially negatively affecting the Client's investment performance if the excluded sector or industry outperforms. Responsible investing and ESG are subjective by nature. Our Firm may rely on analysis and 'scores' provided by third parties in determining whether an issuer meets our Firm's standards for inclusion or exclusion. A Client's perception may differ from our Firm or a third party on how to judge an issuer's adherence to responsible investing principles.

TIMING RISK

The risk is that the investment needs to perform better after its purchase or sale. Moreover, if the Client requires redemption, the Client may face a loss due to poor overall market performance or security performance at that time.

ITEM 9 - DISCIPLINARY INFORMATION

Registered investment advisers are required to provide information about all disciplinary information that would be material to a Client's evaluation of our Firm or the integrity of its management. Clients should refer to the Advisor's Form ADV Part 2B Brochure Supplement. If the Client did not receive the Advisor's Form ADV Part 2B Brochure Supplement, the Client should contact the Chief Compliance Officer using the information provided on the cover page of this Brochure. Our Chief Compliance Officer is available to address any questions a Client or prospective client may have regarding the above or any information outlined in this Brochure.

Our Firm has no legal or disciplinary events that are material to a Client or prospective clients, evaluation of our advisory business, or the integrity of our management services.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Our Firm is an independent investment registered adviser that provides only investment advisory services. Our Firm is not engaged in any other business activities and offers no other services except those described in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES

Our Firm, and our IARs, do not have a related company that is a (1) broker-dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

ITEM 11 - CODE OF ETHICS, PARTICIPATION & INTEREST IN CLIENT TRANSACTIONS, & PERSONAL TRADING

Our Firm maintains a Code of Ethics to reinforce the fiduciary principles governing our Firm and its employees. The Code, among other things, requires all employees to act with integrity and ethics, and professionalism.

Policies against overreaching, self-dealing, insider trading, and conflicts of interest are outlined in our Code. Our Code forbids employees from trading, either personally or on behalf of others, based on non-public material information or communicating non-public material information to others violating the law.

Additionally, our Code sets forth restrictions and quarterly attestations on receiving gifts, outside business activities, personal trading activity, maintenance of personal brokerage accounts, and other matters. The Code is appropriately designed and implemented to prevent or eliminate potential conflicts of interest between our Firm, our employees and IARs, Clients, and investors. We always strive to make decisions in our Client's best interest should a conflict of interest arise.

Clients should be aware that no set of rules, policies, or procedures can anticipate, avoid, or address all potential conflicts of interest.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Our employees, IARs, and our associated persons are not prohibited from owning or trading securities bought, sold, and recommended to our Clients, provided such personal trading activity complies with the parameters, limitations, and requirements of the Code. Employees, IARs, and associated persons must receive approval from our Firm's CCO when engaging in reportable securities transactions. Our CCO is responsible for reviewing all employees', IARs, and associated persons' trading when they occur and periodically reviewing trading activity. Our CCO has broad discretion to reject employee trading for any reason. Our Firm's policies and procedures related to the personal trading activity of employees aim to demonstrate our commitment to placing Clients' interests ahead of our trading interests.

While our Firm does not maintain a proprietary trading account and therefore does not have a direct material financial interest in any securities it recommends to Clients, in certain situations, our Firm's employees and associated persons may purchase interests in the same securities at the same or different portfolio percentages

or risk levels, in which one or more Clients is investing or has invested. Conversely, a Client may purchase interests in security where our employees, IARs, and associated persons are investing or have invested.

Any exceptions to the Code require the prior approval of the CCO. We will provide a copy of the Code to any Client or prospective client upon such written or verbal request. Such requests should be directed to our Firm's CCO at the contact information listed in Item 1 - Cover Page of this Brochure.

ITEM 12 - BROKERAGE PRACTICES

INVESTMENT MANAGEMENT SERVICES

Clients must maintain assets in an account with a "qualified Custodian," a broker-dealer or bank. If our Firm is asked to give a recommendation, our recommendation is based on the broker's cost and fees, skills, reputation, dependability, and compatibility with the Client. The Client may obtain lower commissions and fees from other brokers.

CUSTODIANS

While our Firm primarily recommends that Clients use Charles Schwab, Inc. ("Schwab") as a Custodian, Clients must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. The Client opens the accounts with their selected custodian. The accounts will always be held in the Client's name and never in our Firm's.

HOW OUR FIRM SELECTS CUSTODIAN-BROKER

Our Firm seeks to recommend a Custodian-Broker who will hold Client assets and execute the transactions on terms that are, overall, most advantageous compared to other available providers and their services. Our Firm considers a wide range of factors, including, among others:

Combination of transaction execution and asset custody services (without a separate fee for custody).

- Capability to execute, clear, and settle trades (buy and sell securities for Client accounts).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payments, etc.).
- The breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.).
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to our Firm and our other Clients.

Availability of other products and services that benefit our Firm, as discussed below (see "Products and Services Available to Us from Schwab").

CLIENT BROKERAGE & CUSTODY COSTS

For Clients' accounts the custodian maintains and generally does not charge separately for custody services. However, the Custodian receives compensation by charging ticket charges or other fees on trades it executes or settling into Clients' accounts. In addition to commissions, the Custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our Firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Client's account. These fees are in addition to the ticket charges or compensation the Client pays the executing broker-dealer. Because of this, our Firm has the Custodian execute most trades for Client accounts to minimize trading costs. Our Firm has determined that having Schwab execute most trades is consistent with our duty to seek the "best execution" of Client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How Our Firm Selects Custodian-Broker).

PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB

Schwab Advisor Services™ (formerly called Schwab Institutional®) provides independent investment advisory Firms and Clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients' accounts; others help us manage and grow our business. Schwab's support services typically are available on an unsolicited basis and at no charge to our Firm. These are typically considered soft dollar benefits because there is an incentive to do business with Schwab. Receiving soft dollar benefits creates a conflict of interest. We have established policies in this regard to mitigate any conflicts of interest. We believe our selection of Schwab as Custodian-Broker is in the Clients' best interests. Our Firm will always act in the best interest of our Clients and act as fiduciary in carrying out services to Clients. The following is a more detailed description of Schwab's support services:

SERVICES THAT BENEFIT OUR CLIENTS

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some we might not otherwise have access to or would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph benefit our Clients and their accounts.

SERVICES THAT MAY NOT DIRECTLY BENEFIT OUR CLIENTS

The Custodians also makes other products and services available that benefit our Firm but may not directly benefit our Clients or their accounts. These products and services assist our Firm in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. Our Firm may use this research to service all or a substantial number of our Client's accounts, including accounts not maintained at the Custodian. In addition to investment research, the Custodian also makes available software and other technology that:

- Provides access to Client account data (such as duplicate trade confirmations and account statements).
- Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts.

Provide pricing and other market data.

- Facilitate payment of our fees from our Clients' accounts.
- Assist with back-office functions, recordkeeping, and Client reporting.

SERVICES THAT GENERALLY BENEFIT ONLY US

The Custodian may also offer other services to help our Firm manage and further develop our business enterprise.

These services can include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

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

OUR INTEREST IN SCHWAB'S SERVICES

- The availability of these services from Schwab benefits our Firm because we do not have to produce or purchase them. These services are not contingent upon our Firm committing any specific amount of business to Schwab in trading commissions. We believe our selection of Schwab as Custodian and Broker is in our Client's best interests.

Some of the products, services, and other benefits provided by Schwab benefit our Firm and may not benefit our Client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based, in part, on the benefits Schwab provides to our Firm or our Agreement to maintain certain Assets Under Management at Schwab and not solely on the nature, cost, or quality of custody and execution services provided by Schwab.

- Our Firm places trades for our Clients' accounts subject to its duty to seek the best execution and other fiduciary duties. Schwab's execution quality may be different from other broker-dealers.

Our Firm does not routinely recommend, request, or require that the Client direct us to execute the transactions through a specified Custodian. Additionally, our Firm typically does not permit the Client to direct brokerage. We place trades for Client accounts subject to our duty to seek the best execution and other fiduciary duties.

- We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:
 - Our policy for the aggregation of transactions shall be fully disclosed separately to our existing Clients (if any) and the broker/dealer(s) through which such transactions will be placed.
 - We will only aggregate transactions if we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek the best price) for the Client and is consistent with the terms of our investment advisory agreement.
 - No advisory Client will be favored over any other Client; each Client that participates in an aggregated order will participate at the average share price for all transactions in a given security on a given business day, with transaction costs based on each Client's participation in the transaction.

- Our Firm will prepare a written statement ("Allocation Statement") specifying the participating Client accounts and how to allocate the order among those Clients.
- If the aggregated order is filled in its entirety, it will be allocated among Clients per the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the preceding, the order may be allocated on a basis different from that specified if all Client accounts receive fair and equitable treatment. The reason for the difference in allocation will be documented and reviewed by our Firm's Compliance Officer. Our Firm's books and records will separately reflect, for each Client account, the orders which are aggregated, and the securities held by and bought for that account.
- Our Firm will not receive additional compensation or remuneration of any kind because of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory Client.

BROKERAGE FOR CLIENT REFERRALS

Our Firm does not receive Client referrals from any Custodian or third party in exchange for using that broker-dealer or third party.

AGGREGATION & ALLOCATION OF TRANSACTIONS

Our Firm may aggregate transactions if it believes that aggregation is consistent with the duty to seek the best execution for its Clients and is consistent with the disclosures made to Clients and terms defined in the Investment Advisory Agreement. No Client will be favored over any other Client. Each account in an aggregated order will participate in the average share price (per Custodian) for all transactions in that security on a given business day.

If we do not receive a complete fill for an aggregated order, we will allocate the order on a pro-rata basis. If we determine that a pro-rata allocation is not appropriate under the circumstances, we will base the allocation on other relevant factors, which may include:

- When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash.
- Concerning sale allocations, allocations may be given to accounts low in cash.
- We may allocate shares to the account with the smallest order, to the smallest position, or to an account that is out of line concerning security or sector weightings relative to other portfolios with similar mandates.
- We may allocate one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results, and other accounts can purchase that in the block.
- If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after placing an order.
- If a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more account(s), we may exclude the account(s) from the allocation.
- Our Firm will document the reasons for any deviation from a pro-rata allocation.

In certain cases, client requests or specific needs will trigger an unplanned transaction in a security where an aggregate transaction occurred previously during the day. Under these circumstances, client transactions will be excluded from the block transaction and receive differing pricing.

TRADE ERRORS

Our Firm has implemented procedures designed to prevent trade errors; however, our Firm cannot always avoid Client trade errors.

Consistent with our Firm's fiduciary duty, it is our Firm's policy to correct trade errors in a manner that is in the Client's best interest. In cases where the Client causes the trade error, the Client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the Client may not be able to receive any gains generated due to the error correction. In all situations where the Client does not cause the trade error, the Client will be made whole, and we would absorb any loss resulting from the trade error if our Firm caused the error. If the Custodian causes the error, the Custodian will cover all trade error costs. If an investment error results in a gain when correcting the trade, the gain will be donated to charity. Our Firm will never benefit or profit from trade errors.

DIRECTED BROKERAGE

Our Firm does not routinely recommend, request, or require that the Client direct us to execute the transaction through a specified broker-dealer. Additionally, our Firm typically does not permit the Client to direct brokerage. Our Firm places trades for Client accounts subject to its duty to seek the best execution and other fiduciary duties.

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer to obtain goods or services on the plan's behalf. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

ITEM 13 - REVIEW OF ACCOUNTS

CLIENT REVIEWS

Our Firm reviews Client accounts and financial plans periodically. Our IARs will monitor Client accounts regularly and perform annual reviews with each Client. All accounts are reviewed for consistency with Client investment strategy, asset allocation, risk tolerance, and performance. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic-specific events may also trigger reviews. Our recommendations depend on the information provided by the Client. Our Client must notify our Firm of any situation that would impair our ability to manage our Client accounts properly.

The Client receives a copy of each trade confirmation (unless the Client has authorized the Custodian to suppress the confirmations) and the standard written account statement from the qualified account Custodian every quarter.

ITEM 14 - CLIENT REFERRALS & OTHER COMPENSATION

BROKERAGE PRACTICES

As disclosed under Item 12 Brokerage Practices, we participate in the Custodian's institutional customer programs, and we may recommend a Custodian to our Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our Clients. However, we receive economic benefits through our participation in the program that is typically not available to any other independent advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount):

- Receipt of duplicate Client statements and confirmations.
- Research-related products and tools.
- Consulting services.
- Access to a trading desk serving adviser participants.
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);
- The ability to have advisory fees deducted directly from Client accounts.
- Access to an electronic communications network for Client order entry and account information.
- Access to mutual funds with no transaction fees and certain institutional money Managers.
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third-party vendors.

Custodians may also have paid for business consulting and professional services received by some of our IARs. Some of the products and services made available by Custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at our recommended Custodian. Other services made available by the Custodian are intended to help us manage and further develop our business enterprise. The benefits our Firm or our IARs receive through participation in the program do not depend on the amount of brokerage transactions directed to the Custodian. Due to these arrangements, our Client does not pay more for assets maintained at Schwab. As part of our fiduciary duties to Clients, we always endeavor to put our Client's interests first. Clients should be aware, however, that receiving economic benefits from our Firm or our IARs in and of itself creates a conflict of interest because the cost of these services would otherwise be borne directly by us. These arrangements could indirectly influence our choice of Custodian for custody and brokerage services. Clients should consider these conflicts of interest when selecting a Custodian. The products and services provided by the Custodian, how they benefit us, and the related conflicts of interest are described above.

LEAD GENERATION & REFERRALS

CLIENT REFERRALS

Our Firm neither accepts nor pays fees for Client referrals. Further, we do not have any compensation arrangements other than what is disclosed in this Brochure.

OTHER PROFESSIONALS

Our Firm may refer business to estate planning attorneys, accountants, insurance brokers, and other professionals. However, we do not receive monetary or other material compensation for referring Clients to such professionals. We also do not pay any person or firm commissions or other items of material value when referring Clients to us. 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 can accept or deny such referral or subsequent services.

ITEM 15 - CUSTODY

Regulators have defined custody as having access or control over Client funds or securities. As it applies to our Firm, we do not have physical custody of funds or securities.

FEE DEDUCTION

Our Firm is deemed to have constructive custody over those Client accounts where it can deduct our fees directly from the Client account. If we comply with certain regulatory requirements, this constructive custody does not mandate that our Firm undergo a surprise audit for those accounts. Our Clients receive account statements directly from the qualified Custodian at least quarterly. Our Firm may send Clients quarterly reports that our Firm produces using our portfolio accounting system, Portfolio Center.

We strongly urge our Clients to compare such reports with the statements received from the qualified Custodian. Furthermore, when our Firm calculates our investment management fees and instructs the Custodian to remit these fees to us directly from Clients' accounts, the Custodian does not verify our calculation of fees. Our Firm performs quarterly testing to ensure that our fees are charged per the Client's Investment Advisory Agreement on file with our Firm.

STANDING LETTERS OF AUTHORIZATION ("SLOA")

Additionally, our Firm is deemed to have custody of the Client's funds or securities when you have standing authorizations with their Custodian to move money from your account to a third-party Standing Letter of Authorization ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the Custodian. The SEC has set forth standards to protect your assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have Custody of where SLOAs are on file. In addition, account statements reflecting all activity on the account(s) are delivered directly from the qualified Custodian to each Client or the Client's independent representative at least monthly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, contact us, your Advisor, or the qualified Custodian preparing the statement.

ITEM 16 - INVESTMENT DISCRETION

DISCRETIONARY AUTHORITY

Upon receiving written authorization from the Client, our Firm provides discretionary investment advisory services for Client accounts. For discretionary accounts, before engaging our Firm to provide investment advisory services, you will enter into a written Investment Advisory Agreement with us granting our Firm the authority to supervise and direct, on an ongoing basis, investments per the Client's investment objective and guidelines. In addition, our Client will need to execute additional documents required by the Custodian to authorize and enable our Firm, in its sole discretion, without prior consultation with or ratification by our Client, to purchase, sell or exchange securities in and for your accounts. We are authorized, at our discretion and without prior consultation with the Client, to (1) buy, sell, exchange, and trade any stocks, bonds, or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the Custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the Client.

The limitations on investment and brokerage discretion held by our Firm are:

- For discretionary accounts, we require that we be given the authority to determine which securities and the amounts to be bought or sold.
- Any limitations on this discretionary authority shall be in writing as indicated in the Investment Advisory Agreement. Clients may change or amend these limitations as required.

NON-DISCRETIONARY AUTHORITY

In some instances, we may not have discretionary authority. For non-discretionary accounts, our Firm will discuss all transactions with our Client before execution, or the Client will be required to make the trades in an employer-sponsored account.

ITEM 17 - VOTING CLIENT SECURITIES

PROXY VOTING

Our Firm accepts authority to vote proxies with respect to securities owned by you, unless you choose to vote your own proxies.

We have adopted proxy voting policies and procedures with respect to securities owned by you for which we have been specifically delegated voting authority and discretion, in accordance with its fiduciary duties and Securities and Exchange Commission Rule 206(4)-6 under the Investment Advisers Act of 1940, which are reasonably designed to ensure that proxies are voted in your best interest.

The guiding principle by which we review voting on all matters submitted to security holders is the maximization of the ultimate economic value of your holdings. We do not permit voting decisions to be influenced in any matter that is contrary to, or dilutive of, this guiding principle. It is the policy to avoid situations where there is any material conflict of interest or perceived conflict of interest affecting the voting decisions. Any perceived conflict of interest is reviewed by the Chief Compliance Officer and the proxy voting committee.

It is the general policy that we vote on all matters presented to security holders in any Proxy, and these policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of the firm the costs associated with voting such Proxy outweigh the benefits to you, or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of you, in our judgment.

You may delegate to CCM the discretionary power to vote the securities held in your account pursuant to the Investment Advisory Agreement. Our Firm does not generally accept any subsequent directions on matters presented to shareholders for a vote, regardless of whether such subsequent directions are from you or a third party. We view the delegation of discretionary voting authority as an "all-or-nothing" choice for you.

Upon request, we will provide separately to you (i) a copy of our proxy voting policies and procedures and (ii) details as to how the Firm has voted securities in your account.

CLASS ACTION LAWSUITS

Our Firm does not advise or instruct Clients on whether to participate as a member of class action lawsuits and will not automatically file claims on the Client's behalf. However, if a Client notifies us that they wish to participate in a class action, we will provide the Client with transaction information about the Client's account that is required to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

FINANCIAL CONDITION

Our Firm has no financial commitment that impairs its ability to meet Client contractual and fiduciary obligations and has not been the subject of a bankruptcy proceeding. We do not require or solicit prepayment of more than \$1200 in fees per Client six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year.

ADDITIONAL INFORMATION

PRIVACY POLICY

Our Firm collects non-public personal information about Clients from information received on applications or other forms and information about Client transactions with firm affiliates, others, or our Firm. We do not disclose any nonpublic personal information about current or former Clients except as permitted by law or to provide services. Firm employees have limited access to Clients' data based on their responsibilities to provide products or services to Clients.

Our Firm maintains physical, electronic, and procedural safeguards in compliance with federal standards to protect Client information. If the IAR servicing a Client account leaves our Firm to join another firm, the IAR is not permitted to retain copies of specific Client information.

A copy of our Firm's Privacy Policy is given to each Client at account opening, upon request, and provided annually.

OPTING OUT

If a Client does not want an IAR to retain copies of the Client's non-public personal information when the IAR leaves our Firm to join another firm, the Client can contact our Compliance Department by calling (970) 870-8750.

BUSINESS CONTINUITY PLAN

Our Firm has developed a Business Continuity Plan to address how our Firm will respond to events that significantly disrupt the operation of our business. Since the timing and impact of disasters and disruptions are unpredictable, our Firm will be flexible in responding to current events as they occur.

Within 24 hours after a significant business disruption, our Firm plans to quickly recover and resume business operations and respond by safeguarding employees and property, making a financial and operational assessment, protecting our Firm's books and records, and allowing Clients to transact business. Given the scope and severity of the significant business disruption, our business continuity plan is designed to permit our Firm to resume operations as quickly as possible.

Our Firm's business continuity plan addresses: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank, and counter-party impact; regulatory reporting; and assuring Clients' prompt access to their funds and securities if our Firm is unable to continue as a business.

Our Firm backs up essential records in a geographically separate area. At the same time, every emergency poses unique problems based on external factors, such as the time of day and the severity of the disruption. Its objective is to restore operations and be able to complete existing transactions and accept new transactions and payments within four hours of the disruptive event. Client orders and requests for funds and securities could be delayed during this period.

CONTACTING US

If a Client cannot contact our Firm via (970) 870-8750 or (303) 722-5500 after a significant business disruption, please visit the website at www.callahancapital.com to review updated contact information.

VARYING DISRUPTIONS

Significant business disruptions can vary in scope, such as disruption that affects only our Firm, a single building housing our Firm, the business district where our Firm is located, the city where our Firm is located, or the whole region. Within each area, the disruption's severity can also vary from minimal to severe. In a disruption to only our Firm or a building housing our Firm, our Firm will transfer operations to a local site when needed and expect to recover and resume business within 24 hours.

In a disruption affecting our Firm's business district, city, or region, our Firm will transfer operations to a site outside the affected area and recover and resume business within three (3) days. In either situation, our Firm plans to continue the business, transfer operations to its clearing firm if necessary, and provide Clients with instructions on contacting our Firm through its parent company's website: www.callahancapital.com. If the

significant business disruption is so severe that it prevents our Firm from remaining in business, our Firm will ensure the Client's prompt access to their funds and securities.

This information is provided solely to Clients of our Firm, and no further distribution or disclosure is permitted without the prior written consent of our Firm. No person other than our Firm Clients can rely on any statement herein. Our Firm's Business Continuity Plan is reviewed and updated regularly and is subject to change.

Please visit the website at www.callahancapital.com for the most current copy of this disclosure. You can request an updated copy by contacting our Firm at (970) 870-8750 or writing our Firm at the following:

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