



Sumnicht & Associates, LLC

Form ADV Part 2 Brochure

November 7, 2022

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This brochure provides information about the qualifications and business practices of Sumnicht & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at 920-731-4455. 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 Sumnicht & Associates, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This Brochure supersedes the prior version dated March 21, 2022 as an other-than-annual update. Material changes effective since the last annual update include:

- Section A. Advisory Business

In October 2021, Sunnicht & Associates, LLC (“Sunnicht”) made the decision to retire from the retail investment advisory business. As a result, Sunnicht has assisted our advisory clients with transition to a new investment adviser. Sunnicht is continuing a family office investment advisory relationship with one family. Sunnicht is no longer accepting new investment advisory clients.

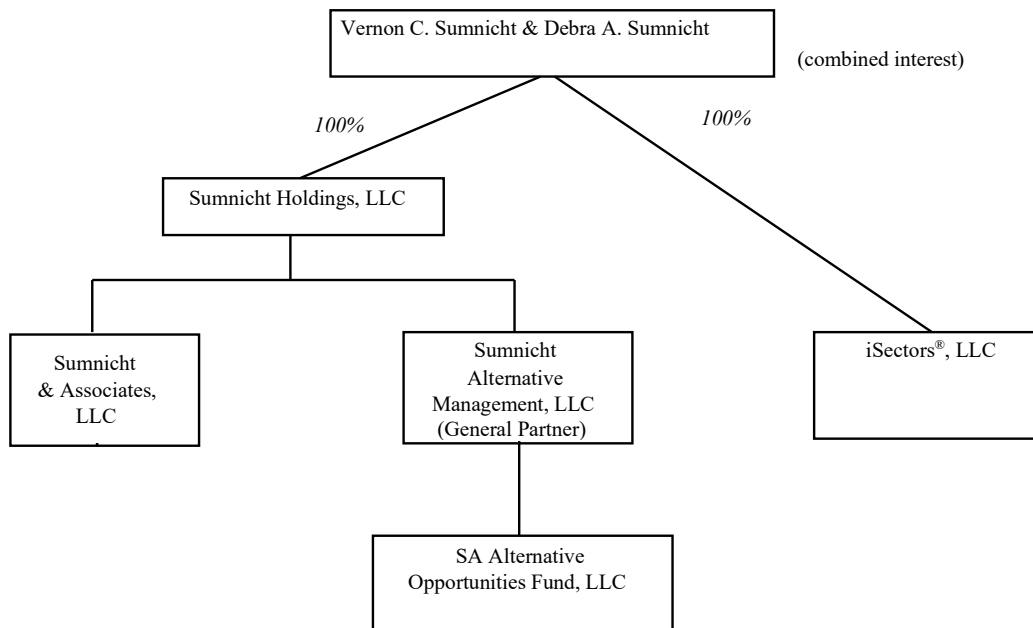
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A. Advisory Business

- Description of Advisory Firm** - Sumnicht & Associates, LLC (“Sumnicht & Associates” or “the Firm”), a boutique independent fee-based, high net-worth family wealth manager, was founded by Vernon C. Sumnicht, MBA, CFP® in 1988. The Firm provides family office services to high net-worth clients and institutional investment consulting to institutional clients. The team serves more than 100 high net-worth and other families throughout the United States and as of December 31, 2021, manages \$341.7million in its clients’ discretionary and non-discretionary investment portfolios.

In October 2021, Sumnicht & Associates, LLC (“Sumnicht”) made the decision to retire from the retail investment advisory business. As a result, Sumnicht has assisted our advisory clients with transition to a new investment adviser. Sumnicht is continuing a family office investment advisory relationship with one family. Sumnicht is no longer accepting new investment advisory clients.

- The principal owner of Sumnicht & Associates is Sumnicht Holdings, LLC, which is owned by Vernon C. and Debra A. Sumnicht.
- Sumnicht & Associates, LLC is affiliated with iSectors®, LLC, a registered investment adviser.
- iSectors is directly owned by Vernon C. and Debra A. Sumnicht.



2. Description of Services Offered

Sumnicht & Associates' senior adviser has the financial industry qualification of Certified Financial Planner (CFP®), and over thirty years of experience in finance, investments and business. The Firm's philosophy is to provide a multi-discipline team to service client families. To date, this team approach has been successful at providing and coordinating other skilled professionals, estate planning attorneys, independent trust companies, tax accountants/CPAs, and sociologists/therapists for a full range of integrated family wealth and investment services, including:

Financial Coaching

Wealth Management

- Investment Policy Statement Preparation
- Investment Portfolio Construction
 - Asset Allocation Strategies
 - Diversification Strategies
- Investment Management
- Customized Portfolio Performance Reporting

Risk Management

- Insurance Planning and/or Review
 - Health Insurance
 - Life Insurance
 - Umbrella Liability

Retirement Planning

- Gather Data, Determine Objectives, Prepare Retirement Plan(s)
 - Social Security Review
 - Inflation Assumptions
 - Taxes Assumptions
 - Investment Return Assumptions
- Pension and 401k Plans
- IRA (Traditional, Roth, or SEP)
- IRA Rollovers

Tax Planning

Trust and Estate Planning

- Fiduciary Services and Trust Administration

Charitable Giving Strategies

- Philanthropic Advisory Services
- Foundation Services

Legacy Planning

- Intergenerational Wealth Planning
- Family Governance Solutions
- Control & Succession Issues
- Education of Future Generations

Business Planning

3. Traditional Asset Management and Investment Services – Primary Services Provided

Sumnicht & Associates primarily advises Separately Managed Accounts using Exchange-Traded Funds (ETF)-based allocation models. The Firm may also provide allocations to individual ETFs, mutual funds, and institutional money managers based upon the client's personal situation. Under certain circumstances and where appropriate to achieve the client's objectives, Sumnicht &

Associates may recommend individual ETFs that use iSectors as the adviser or sub-adviser. The final decision of the investment program is the client's and is based upon an objective and subjective evaluation of all factors in conjunction with the adviser's advice.

Sumnicht & Associates chiefly makes use of ETF-based allocation models currently managed by iSectors, LLC, an affiliated registered investment adviser. iSectors ETF-based asset allocation models are a suite of proprietary investment strategies originally developed and managed by Sumnicht & Associates, LLC, some of which may employ leverage.

iSectors, an ETF Investment Strategist, was originally developed by Vernon C. Sumnicht as a department of Sumnicht & Associates in 2002. In August 2008, iSectors was registered as an investment adviser with the SEC. iSectors is, therefore, an affiliated company of Sumnicht & Associates. iSectors and Sumnicht & Associates share certain back-office and administrative resources, as well as certain capital resources and personnel. iSectors, LLC is directly owned 50% by Vernon C. Sumnicht and 50% by Debra A. Sumnicht.

It should be noted that a conflict of interest exists with respect to investments recommended by Sumnicht & Associates when ETF investment strategist services are provided by a related party such as iSectors. A conflict of interest also exists with respect to individual ETFs recommended by Sumnicht & Associates when services to the recommended ETF are provided by a related party such as iSectors. Sumnicht & Associates and iSectors each receive compensation for services they provide.

Sumnicht & Associates contracts with Envestnet Asset Management, Inc. (Envestnet) as a third-party platform administrator for the purposes of automated aggregate reporting of client investment account asset performance and market value, and management fee remittance.

Sumnicht investors in iSectors ETF models typically pay a bundled fee to Envestnet which includes the following: (1) Sumnicht's investment advisory fee, (2) sponsor fee which includes iSectors' license fee and Envestnet's platform fee, and (3) brokerage and custodian's fee. These fees for services provided by Sumnicht and iSectors are remitted from Envestnet to Sumnicht & Associates and iSectors.

iSectors charges an annual model fee generally ranging from 0.10% to 0.50% (10 - 50 basis points) of invested assets, depending on the investment model. The iSectors model fee is based, in part, on the complexity of the model and is documented on the Envestnet Statement of Investment Selection (SIS) which the client receives upon making the investment. This iSectors fee is in addition to the advisory fee charged by Sumnicht & Associates.

Certain Alternative Investment Asset Advisory Services Indirectly Available Through Sumnicht & Associates

In the past, private partnership interests have been made available to Sumnicht & Associates clients through certain affiliated investment funds e.g.: "SA Alternative Opportunity Fund, a Series LLC". These funds have closed, and investors have received their final distributions.

Sumnicht & Associates is not currently offering private partnership interests through SA Alternative Opportunity Fund, a Series LLC.

4. 401(k) and other corporate retirement plans advised by Sunnicht & Associates, LLC (Non-individual IRA/Roth IRA)

Sumnicht & Associates provides retirement planning services, including 401(k), 403(b) or other retirement plans, in conjunction with third-party administrators (“TPA”) selected by the Plan. Third-party administrators, such as Pension Inc. of Green Bay, WI, provide recordkeeping functions, including regulatory filings, for one or more 401(k), 403(b) or other plans (each a “Plan,” and collectively the “Plans”) pursuant to a written agreement between the third-party administrator and the Plan.

Sumnicht & Associates provides investment advisory services to retirement plans through more than one platform; one of which is Mid Atlantic Trust Company’s ModelxChange platform. The ModelxChange platform incorporates mutual fund and ETF investment models into retirement plans through a single, web-based interface that allows for the creation, execution and ongoing management of investment models. Those models and corresponding model changes are then delivered to each individual plan through the ModelxChange platform.

Sumnicht & Associates, as an adviser to the Plan, provides advice to the Plan and its Trustees regarding the investment universe, from which the Plan selects investment choices to be offered to the Plan participants.

The retirement plans for which Sunnicht & Associates provides advisory services may select iSectors ETF-based models, as well as other unaffiliated models, as one or more of the investment options for the Plan’s participants. iSectors licenses ETF-based models to Sunnicht & Associates for use by Sunnicht’s retirement plan clients pursuant to the terms and conditions of a separate written agreement between the parties.

iSectors is a SEC-registered investment adviser affiliated with Sunnicht & Associates and, therefore, to avoid a potential conflict of interest, or the appearance thereof, iSectors waives its normal fees for 401(k) and other retirement plans advised by Sunnicht & Associates. Sunnicht compensates iSectors, for licensing the ETF models, directly out of a portion of the advisory fee that Sunnicht receives for its services to the Plan(s). As such, there is no additional charge to Plan participants when iSectors models are used in Plans advised by Sunnicht.

5. Tailoring of Services to Client Needs and Objectives

Sumnicht & Associates provides its clients (i.e., individuals, families, pension and profit-sharing plans, foundations, endowments, other trusts, and business entities) with discretionary and non-discretionary investment management services, tailored to the needs of the client. In addition, as also discussed below, to the extent requested by the client, and agreed upon by Sunnicht & Associates, the Firm may provide financial planning and related consulting services for a separate and additional fee. Sunnicht & Associates is compensated for investment management/advisory services based upon a percentage of assets under management. Financial planning services are billed monthly, quarterly, or at the completion of service.

In most client situations, before the Firm's advisers give financial advice, Sunnicht & Associates requests each client prospect complete a Client Information Worksheet and Risk Tolerance Questionnaire. These documents serve to help disclose appropriate information to the adviser (contact information, assets, liabilities, etc. and investment risk level), which can enable the adviser to better develop an Investor Profile in order to better provide advice on asset allocation.

It is the client's responsibility to ensure the adviser has all relevant data as requested in the documents referenced above.

Clients are advised that it remains their responsibility to promptly notify Sumnicht & Associates of any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Sumnicht & Associates' previous recommendations and/or services, or if they wish to impose any reasonable restrictions upon Sumnicht & Associates' management services, as may be mutually agreed upon.

In addition, and in certain situations, Sumnicht & Associates may provide investment advice relative to prospective investments in private placement limited partnerships offered in accordance with Regulation D (i.e., Rules Governing the Limited Offer and Sale of Securities without Registration under the Securities Act of 1933).

The Firm's standard default style of working with clients is to have the client approve the initial asset allocation recommendation and any subsequently recommended changes to the portfolio. The client is free to accept or reject any recommendation from Sumnicht & Associates.

Rebalancing of client's investments typically occurs at two levels (a) rebalancing at the portfolio level or (b) rebalancing within the investment models or vehicles. Rebalancing at the portfolio level generally involves an asset allocation decision of how much money is allocated to each iSectors model or other investment vehicle and incorporates asset accounts across all registrations. Portfolio rebalancing is discussed with each client during a meeting with the Firm's advisers, and generally occurs on an annual basis. This emphasizes the need for each client to ensure a meeting with the adviser, ideally at a minimum of once a year. Rebalancing within an iSectors model or other investment vehicle is performed by the iSectors model manager or institutional manager and timing is specific to each model or investment vehicle; i.e. monthly or annually.

Sumnicht & Associates' contractual relationship with clients generally grants the Firm discretionary authority over investment management decisions/asset allocation; it is not the Firm's intention to utilize this authority on an ongoing basis. For such clients, on a limited basis and in the event when timing of trades presents a critical nature disallowing an opportunity for adviser/client discussion, the Firm will exercise its fiduciary duty and authority to make trades without prior client approval; i.e. market volatility, or incapacitation of a client.

6. **Sumnicht and Associates' Participation in WRAP Fee Programs:** Sumnicht & Associates does not sponsor or act as portfolio manager of WRAP fee programs.
7. **Assets Under Management at Sumnicht & Associates at December 31, 2021 are as follows:**

Assets under Management	Amount in USD
Discretionary	\$ 289,822,302
Non-Discretionary	\$ 51,928,824
Total	\$ 341,751,126

8. Trust Administration Services

Sumnicht & Associates provides trust administration services to certain trusts of which Vern Sumnicht is a trustee or a co-trustee. Fees for these services are based on each trust's assets under management.

Certain services provided by the Firm to these trusts, above and beyond what has been contracted for and which are considered by the Firm, in its sole discretion, as services above the level of its standard services for trust administration, are billed based upon the time expended at the hourly rates of the staff involved (the range having been presented to applicable clients).

B. Fees and Compensation

1. Description of Compensation to Sumnicht & Associates for Advisory Services – Common Services

Sumnicht & Associates designs investment portfolios and provides ongoing corresponding investment management services on a fee basis. In the event the client determines to implement investment recommendations through Sumnicht & Associates on a fee basis, Sumnicht & Associates charges a quarterly investment management fee based upon a percentage of the market value of the assets being managed by Sumnicht & Associates. The investment management fee charged varies depending upon the market value of assets under management, the asset category (Stocks/Equities, Bonds/Fixed Income, Alternative Assets, ETFs) and the specific type of investment management services to be rendered. The following are the standard fee schedules for investment management services for Traditional Assets, including ETF (Exchange Traded Fund) models and Alternative Assets.

- a. **Traditional Assets (Stocks/Equities, Bonds/Fixed Income) and (iSectors) ETF Models Investment Management Fee Schedule:** Using the Step Convention, one-fourth of the annual fee as a % of assets under management is billed quarterly. This billing is done in advance or arrears, depending upon the specific platform selected by the client.

Annual Fee on Assets under Management for Traditional Assets

Up to \$500,000	1.25% *
>= \$500,000 and < \$1 million	1.0%
>= \$1 million and < \$2.5 million	0.9%
>= \$2.5 million and < \$5.0 million	0.8%
>= \$5.0 million and <\$7.5 million	0.7%
>= \$7.5 million and <\$10 million	0.6%
>= \$10 million and <\$50 million	0.5%
>= \$50 million	Negotiable

The “Step Convention” is best communicated through example:

- i. A client with \$2 million investment assets in Traditional Assets and/or ETF Model would pay an annual fee of 0.9% times \$2 million or \$18,000;
- ii. A client with \$6 million in such investment assets would pay an annual fee of 0.7% times \$6 million or \$42,000.

*On an individual/case-by-case basis, Sunnicht & Associates may decide to accept accounts less than \$500,000 and in that case, the annual fee is 1.25% for such accounts.

Traditional Assets are stocks, bonds and securities such as Exchange-Traded Funds (ETFs).

- b. **Alternative Investment Assets (Private Equity Funds, Real Assets Funds, and Hedge Funds) Fee Schedule:** One-fourth of the annual fee as a % of assets under management is billed quarterly in arrears.

Annual Fee for Alternative Investment Assets

First Year Management Fee	3.0%
Annual (2 nd and future years) Management Fee	1.0%
Performance Allocation	10.0%

Generally, private equity investments are unique and, therefore, the structure and fees may be different across opportunities. Very large individual client investments may attract lower fees.

For example only, a \$6 million client investment consisting of \$2 million in alternative assets and \$4 million in Traditional and/or ETF Model assets would be charged 1.0% on the \$2 million in alternative investments and 0.7% on \$4 million of Traditional and/or ETF Model assets totaling \$48,000 in Sunnicht & Associates investment management fees per year.

- c. **Fee Schedule for 401(k) and Other Corporate Retirement Plans Advised by Sunnicht & Associates, LLC:** Using the Step Convention, one-fourth of the annual fee as a % of assets under management, in the 401(k) or other retirement plan, is billed quarterly. This billing is done in advance or in arrears, depending upon the specific platform selected by the 401(k) or other retirement plan’s trustee. The assets managed on the Mid Atlantic Trust Company’s Platform, discussed previously are billed quarterly in arrears. The Sunnicht fee schedule for 401(k) or other retirement plans is as follows:

**Annual Fee on Retirement Plan Assets under Management
 (i.e. 401(k), 403(b))**

< \$500,000	0.625% *
>= \$500,000 and < \$1.0 million	0.50%
>= \$1 million and < \$2.5 million	0.45%
>= \$2.5 million and < \$5.0 million	0.40%
>= \$5.0 million and <\$7.5 million	0.35%
>= \$7.5 million and <\$10 million	0.30%
>= \$10 million and <\$50 million	0.25%
>= \$50 million	Negotiable

The “Step Convention” is best communicated through example; the total assets in a 401(k) or other retirement plan define the rate, from the above table, charged to the retirement plan for Sunnicht & Associates, LLC advisory services:

- i. with \$1.75 million participant investments in a 401(k) plan, each Plan participant would pay an annual fee of 0.45% times their account's balance, billed on a quarterly basis;
- ii. with \$7.0 million participant investments in a 401(k) plan, each Plan participant would pay an annual fee of 0.35% times their account's balance, billed on a quarterly basis.

*On an individual/case-by-case basis, Sunnicht & Associates may decide to accept accounts less than \$500,000 and in that case, the annual fee is 0.625% for such accounts.

iSectors, an affiliate of Sunnicht & Associates, licenses its models to Sunnicht for use in 401(k) and other retirement plans for which Sunnicht provides advisory services. For Plans that utilize the iSectors program, Sunnicht compensates iSectors directly out of a portion of the advisory fee that Sunnicht receives for its services to the Plan(s) that utilize the program. As such, use of iSectors models in Plans advised by Sunnicht does not result in any additional charge to Plan participants.

- d. **Negotiability of Management Fees:** Sunnicht & Associates, in its sole discretion, may charge a lesser management fee and/or reduce or waive the account minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, type of services required, account composition, negotiations with client, etc.).
 - e. **Costs of investing:** Sunnicht clients pay a bundled fee for: 1) Sunnicht investment advisory fees; 2) sponsor fees which include iSectors' license fee and Envestnet's platform fee; and 3) brokerage and custodian's fee. These fees for services provided by Sunnicht and iSectors are remitted from Envestnet, or other platforms, to Sunnicht & Associates and iSectors.
2. **Timing of Billings for Adviser Remuneration:** Sunnicht & Associates' management fee for investment advisory services shall be prorated and paid quarterly in advance or arrears, based upon the market value of the assets either (a) on the last day of the calendar quarter, (b) last day of the prior quarter or (c) an average of daily assets during the quarter, depending on the program. In the event of advanced billing, if the client terminates Sunnicht & Associates' investment advisory services, the balance of Sunnicht & Associates' fee, if any, shall be prorated from the date of termination (asset transfer) and any unearned amount refunded to the client. The specifics for the billing of fees to clients are dependent upon the specific investment approach selected by the client.
- a. iSectors ETF allocation models on the Envestnet platform: the management fee for investment advisory services is billed quarterly, in advance, based on the market value of the client's investment account assets on the last day of the prior quarter.
3. **Client Agreements May Authorize Direct Debit of Fees Owed Sunnicht & Associates and/or Custodian:** Sunnicht & Associates' Investment Advisory Agreement, along with the custodial agreement, may authorize the custodian to debit the account for the amount of the custodial fees and the amount of Sunnicht & Associates' investment management fee, and to directly remit that investment management fee to Sunnicht & Associates in accordance with required regulatory procedures.

4. **WRAP Fees:** In certain programs discussed above, such as the iSectors asset allocation models managed on the Envestnet platform, the fees are paid as a WRAP fee (i.e., “all-in fee”), which includes broker-dealer transaction commissions, custodian fees, money manager fees, platform fees, iSectors' model licensing fees and Sumnicht and Associates' investment management fees. Typically, these fees are bundled, although in certain circumstances, these fees may be unbundled, depending upon the investment program selected and the level of assets under management.
5. **Investment Advisory Contract/Financial Planning Agreement/Private Placement Subscription Agreement and Certain Other Important Business Terms**
 - a. Before Sumnicht & Associates will provide investment management services, clients enter into a formal Investment Advisory Agreement for the management of client's assets. The Investment Advisory Agreement which includes the Terms & Conditions addendum, establishes the terms and conditions under which Sumnicht & Associates shall manage the client's assets. Use of another appropriate platform other than Envestnet may require additional investor agreement(s).
 - b. In addition, Envestnet Separately Managed Accounts (SMAs), Unified Managed Accounts (UMAs), and iSectors investment accounts will require custodial account agreements. Sumnicht will typically use those custodians with automated electronic reporting capabilities that link to Envestnet. These currently include, but are not limited to, Fidelity and National Advisors Trust Company (NATCO). Custodial agreements differ by custodian and type of account (i.e., individual, joint, trust, IRA, SEP, corporate, etc.). Alternative Investments in the form of partnerships, or LLCs, are often not held at a corporate custodian unless the interests are part of an IRA, SEP or other ERISA qualified plan.
 - c. Prior to engaging Sumnicht & Associates to provide financial planning, the client will generally be required to enter into a Financial Planning Agreement which includes the standard Terms & Conditions addendum with Sumnicht & Associates, setting forth the terms and conditions of the engagement, describing the scope of services to be provided, and the fee agreement. In the event Sumnicht & Associates' financial planning services are terminated, the unearned balance of Sumnicht & Associates' fee, if any, shall be refunded to the client.
 - d. Prior to a client's investment in an Alternative Investment, the client will be required to enter into a Sumnicht & Associates Alternative Investment Contract which includes the standard Terms & Conditions addendum and, as well, the investment-specific Private Placement Subscription Agreement, which is to be read along with the Private Placement Memorandum.
 - e. A copy of Sumnicht & Associates' Form ADV Part 2 brochure is provided to each client prior to, or along with, the execution of an Investment Advisory Agreement or Financial Planning Agreement. Any client who has not received a copy of this disclosure statement at least forty-eight (48) hours prior to signing an agreement with Sumnicht & Associates has five (5) business days subsequent to signing the agreement to terminate Sumnicht & Associates' services without penalty.
 - f. Neither Sumnicht & Associates nor the client may assign the agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of Sumnicht & Associates shall not be considered an assignment.

D. Types of Clients

1. **Sumnicht & Associates' Clients** consist of individuals (both high net-worth and non high net-worth), families and institutions/foundations, including pension and profit sharing plans, 401(k) plans, other retirement accounts, trusts, estates and charitable organizations.
2. **Minimum Investment Management Account Size:** Sunnicht & Associates generally requires a \$500,000 account minimum in order for Sunnicht & Associates to provide investment management services; the minimum investment management account size may be waived at Sunnicht & Associates' discretion.

E. Methods of Analysis, Investment Strategies and Risk of Loss

Sunnicht & Associates provides asset allocation services to its clients that desire its advisory services.

Sunnicht & Associates does not guarantee: (1) the future performance of the client's investments or any specific performance, the success of any investment recommendation or strategy that Sunnicht & Associates may recommend, or the success of Sunnicht & Associates' management of the client's investments, (2) that the account's performance will be positive or achieve any investment, tax, or accounting objective of the client, or track or outperform any designated benchmark.

Past performance does not guarantee or predict Sunnicht & Associates' or a Manager's recommendations or investment strategy's future performance. Clients must accept and understand that investment recommendations made by the adviser for an investment account or other financial planning advice is subject to various market, interest rate, liquidity, marketability, currency, economic, political, legal, business and/or other risks. In addition, these known and unknown risks may adversely affect investment results and/or the ability to achieve financial objectives. Therefore, investment and other financial planning decisions will not always be profitable.

Clients invested in iSectors models are strongly encouraged to read the iSectors ADV Part 2 Brochure for additional details and information.

F. Disciplinary Information

Sunnicht & Associates has no legal or disciplinary events to report.

G. Other Financial Industry Activities and Affiliations

iSectors, LLC was originally developed by Vernon C. Sunnicht and the Sunnicht & Associates team as a department of Sunnicht & Associates, LLC in 2002. In August 2008, iSectors, LLC registered as an investment adviser with the SEC. iSectors is an affiliated company of Sunnicht & Associates. iSectors and Sunnicht & Associates share certain back-office and administrative resources, as well as certain capital resources and personnel.

The Firm's principal, Vernon Sunnicht, holds an insurance license, and is licensed to do insurance business in the state of Wisconsin. In such capacity, Mr. Sunnicht may recommend the purchase of certain life insurance products where he may be eligible to (and may) receive a share of insurance commission revenue. These activities could be construed to represent a conflict of interest in that they arguably could provide Mr. Sunnicht an incentive to recommend the purchase of insurance

products for a client based on his ability to receive compensation from such a purchase, rather than based on a client's needs. We seek to address this conflict by (a) requiring Mr. Sumnicht to ensure that any such transaction will be on commercially reasonable terms that are generally consistent with industry standards, and (b) neither requiring nor expecting that a client will purchase any such insurance product from any party that would result in any form of additional compensation to be payable to Mr. Sumnicht. In addition, Mr. Sumnicht must maintain compliance with applicable rules and regulations that govern the sale of such products. Clients have the option to purchase insurance products that are recommended through other brokers or agents that are not affiliated with the Firm.

Mr. Sumnicht is an insurance agent with Greek Catholic Union of the U.S.A. (GCU) as well as The Producers Group; as such, he will receive insurance commissions.

For more information concerning Mr. Sumnicht's activities in this regard, see the Part 2B Brochure Supplement presented for him by the Firm.

H. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- 1. Sumnicht & Associates Code of Ethics:** As required pursuant to Rule 204A-1 under the Investment Advisers Act 1940, as amended (the "Advisers Act"), Sumnicht & Associates adopted a Code of Ethics ("Code of Ethics"), which articulates basic principles of business ethics and standards of conduct. Each Access Person is provided a copy of the Code of Ethics and any amendments and is required to provide a written acknowledgment confirming that he or she has read, understands and agrees to comply with the Code of Ethics. Sumnicht & Associates defines Access Persons as all officers, directors, owners, employees, and the firm's registered investment adviser representatives (who are privy to any client or investment information). This Code of Ethics is based upon fundamental principles of open communication, integrity, honesty, confidentiality, and trust, a copy of which is available upon request.
- 2. Personal Securities Transactions and Trading Policy:** In connection with the Code of Ethics, Sumnicht & Associates adopted a Personal Securities Trading Policy, established to satisfy the applicable requirements of Section 206 and Rules 204A-1 and 204-2 under the Advisers Act. Sumnicht & Associates' policy is based on the principle that its directors, officers, owners, employees and registered investment adviser representatives (who are privy to any client or investment information) owe a fiduciary duty to clients to conduct personal securities transactions in a manner that does not interfere with client transactions or otherwise take unfair advantage of their relationship with the clients. The policy includes prohibitions on trading based on material, non-public or confidential information, and requires that mutual funds transactions comply with the anti-market timing policy or policy on frequent or excessive trading, if any, of the relevant mutual funds. The policy also includes provisions requiring Access Persons, as defined under the Advisers Act, to pre-clear participation in public offerings and limited offerings, and to submit quarterly securities transaction reports with respect to their personal securities investments.
- 3. Conflicts of Interest:** Sumnicht & Associates requires its employees to refrain from engaging in any activity or having a personal interest that presents a conflict of interest. Sumnicht & Associates' employees, as well as all Access Persons, are required to disclose any transactions or relationships that reasonably could be expected to give rise to a conflict of interest.

4. **Confidentiality:** The Code of Ethics includes policies and procedures for maintaining the confidentiality of confidential information relating, among other things, to Sunnicht & Associates' clients. Employees, as well as Access Persons, are prohibited from disclosing any confidential information within the company (other than on a "need-to-know basis") or outside the company in the absence of appropriate confidentiality arrangements, or to regulators or legal authorities who have a legal right to receive such information.
5. **Gifts and Gratuities:** The Code of Ethics includes a limitation on the giving and receiving of gifts and gratuities by employees to items of small value.
6. **Compliance with Code of Ethics:** Sunnicht & Associates' Chief Compliance Officer is primarily responsible for implementing and administering the Code of Ethics. Employees, as well as Access Persons, are required to report any violations of the Code of Ethics or applicable laws. Failure to comply with the Code of Ethics may result in disciplinary action, up to and including termination.
7. **Other Provisions:** The Code of Ethics includes other provisions regarding insider trading, communications with media, honest and ethical conduct and fair dealing, the protection of corporate assets and corporate business opportunities, and the accuracy of the books and records and public records.

Sunnicht & Associates will provide a copy of the Code of Ethics to any client or prospective client upon request.

I. Brokerage Practices

Execution of Brokerage Transactions (when applicable). If requested, Sunnicht & Associates will arrange for the execution of securities brokerage transactions for the account through broker-dealers that Sunnicht & Associates reasonably believes will provide "best execution." In seeking best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. Accordingly, although Sunnicht & Associates will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions. Sunnicht & Associates does not receive material soft dollar benefits from any broker-dealers or other third party in connection with procuring its research resources.

Transactions for each client account generally will be accomplished independently, unless Sunnicht & Associates decides to purchase or sell the same securities for several clients at approximately the same time. Sunnicht & Associates may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Sunnicht & Associates' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Sunnicht & Associates' clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that Sunnicht & Associates determines to aggregate client orders for the purchase or sale of securities, including securities in which Sunnicht & Associates' principal(s) and/or associated person(s) may invest, Sunnicht & Associates shall generally do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. Sunnicht & Associates shall not receive any additional compensation or remuneration as a result of the aggregation.

The client may direct Sumnicht & Associates to use a particular broker-dealer (subject to Sumnicht & Associates' right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Sumnicht & Associates will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Sumnicht & Associates. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than might otherwise be the case.

J. Review of Accounts

Client accounts are reviewed on a periodic basis (at least annually) as determined by client preference, client objectives and market conditions.

Other than pooled investment vehicles, the majority of which are subject to annual audits and subject to certain other limited exceptions, applicable qualified custodians send account statements directly to clients on at least a quarterly basis; account statements describe net asset value, asset holdings, and transaction details. Managers of pooled investment vehicles provide investors with quarterly account statements describing the net asset value. Upon receipt, clients should carefully review these statements.

K. Client Referrals and Other Compensation

If a client is introduced to Sumnicht & Associates by either an unaffiliated or an affiliated solicitor, Sumnicht & Associates may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Sumnicht & Associates' investment management fee and shall not result in any additional charge to the client. If the client is introduced to Sumnicht & Associates by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Sumnicht & Associates' written disclosure statement as same is set forth on the Form ADV Part 2 brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Sumnicht & Associates and the solicitor, including the compensation to be received by the solicitor from Sumnicht & Associates. Any affiliated solicitor of Sumnicht & Associates shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Sumnicht & Associates' written disclosure statement as same is set forth on the Form ADV Part 2 brochure.

The use of solicitor referrals is not part of Sumnicht & Associates' current business model.

L. Custody

- 1. Selection of Custodians/Broker Dealers:** Some factors which Sumnicht & Associates may consider in introducing a particular broker-dealer/custodian to clients include financial strength, reputation, execution, pricing, and service. The brokerage commissions and/or transaction fees charged by the designated broker-dealer/custodian are in addition to Sumnicht & Associates' investment management fee. Clients are able to choose their own custodian/broker-dealer and when they exercise this ability, they may incur the direct and incremental costs associated with their selected service provider. Such costs may be higher than those custodians/broker-dealers

introduced by Sumnicht & Associates. To the extent that the client directs Sumnicht & Associates to utilize a broker-dealer or custodian for the client's account, Sumnicht & Associates will not seek better execution services or prices from other broker-dealers.

2. **Certain Custodians/Broker Dealers:** SEI Trust Company, a subsidiary of SEI, serves as custodian for each SEI account. National Advisors Trust (NATC), Fidelity, or Mid-Atlantic Trust Company, serve as custodian for iSectors accounts. These custodians provide each client with reporting services, including monthly statements and year-end tax reports. Alternative Investments, which are pooled investment vehicles, typically maintain custodial arrangements with, if and as appropriate, a qualified custodian of the manager's or general partner's choosing.
3. **Sumnicht & Associates' Financial Independence from Custodians:** Sumnicht & Associates' clients utilize a number of independent custodians including, but not limited to, Fidelity, SEI, MidAtlantic Trust Company, and Millennium Trust. Sumnicht & Associates does not receive any portion of the fees charged by any custodian or broker-dealer introduced by Sumnicht & Associates.
4. **Sumnicht & Associates is not Independent from Custodian National Advisors Trust Company:** Another custodian which Sumnicht & Associates introduces certain clients to is National Advisors Trust (NATC), a company in which Vernon Sumnicht owns an equity interest (<1%) and, therefore, Sumnicht & Associates is not independent of this custodian. Neither Sumnicht & Associates, Vernon Sumnicht, nor any affiliated company/person receives any portion of the fees charged by National Advisors Trust.

Other than pooled investment vehicles, the majority of which are subject to annual audits or compilation review and subject to certain other limited exceptions, applicable qualified custodians send account statements directly to clients on at least a quarterly basis; account statements describe net asset value, asset holdings, and transaction details. Managers of pooled investment vehicles provide investors with quarterly account statements describing the net asset value. Upon receipt, clients should carefully review these statements.

M. Investment Discretion

Investment discretion of Sumnicht & Associates is discussed in Section B of this document.

N. Voting Client Securities

Sumnicht & Associates does not vote client proxies. Therefore, although Sumnicht & Associates may provide investment advisory services relative to client investment assets, Sumnicht & Associates' clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Sumnicht & Associates and/or the client shall correspondingly instruct each custodian of the assets to forward to the client or client's chosen representative copies of all proxies and shareholder communications relating to the client's investment assets.

O. Financial Information

No disclosure necessary.