

Form ADV Part 2A  
Investment Advisor Brochure

*Item 1. Cover Page*

Name of Registered Investment Advisor	Sherman Asset Management, Inc.
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Date of Brochure as Last Revised	April 17, 2024

This Form ADV Part 2A (Investment Advisor Brochure) gives information about Sherman Asset Management, Inc. and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact Sherman Asset Management, Inc. using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about this firm is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Item 2. Material Changes***

The purpose of this section is to discuss only material changes since the last annual update of Sherman Asset Management, Inc. Investment Advisor Brochure. The last annual update was February 9, 2024. If you would like another copy of this Brochure, please download it from the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact Sherman Asset Management, Inc. at (805) 655-5062 or at [Roy@shermanassetmgmt.com](mailto:Roy@shermanassetmgmt.com).

### ***Summary of Material Changes:***

The firm has applied for SEC registration.

The firm increased its Financial Planning Fee from \$2,400 to \$6,000 as of April 17, 2024. Any clients with an advisory agreement with an effective date prior to April 17, 2024 are grandfathered into their fee arrangement and will not have to pay an increase.

### ***Delivery:***

Within 120 days of SAM's fiscal year-end SAM will deliver its annual Summary of Material Changes if there have been material changes since the last annual updating amendment.

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## ***Item 4. Advisory Business***

### **Advisory Firm**

Sherman Asset Management, Inc. has been in business since February 2014. Roy Sherman is the founder and President and has been in the financial services industry since 2014. Roy Sherman owns 100% of Sherman Asset Management, Inc.

### **Advisory Services**

Sherman Asset Management, Inc. (“SAM”) provides financial planning and asset management services for individuals, trusts, and businesses. For prospective clients who do not require continuous supervisory services SAM offers consulting arrangements for a negotiated fee based upon the scope of the consultation.

As of January 4, 2024, Sherman Asset Management, Inc. has \$121,813,639 of assets under supervision on a discretionary basis.

Services are based on the individual needs of the client. An initial interview and data gathering questionnaire is undertaken to determine the client's personal goals, investment objectives, and financial resources, and to give the client the opportunity to impose reasonable restrictions on the management of the account. Clients have the ability to leave standing instructions with the IA Rep to refrain from investing in particular securities or types of securities, or invest in limited amounts of securities. Quarterly the IA Rep will notify the client in writing to contact the IA Rep if there have been any changes in the client's financial situation or investment objectives, or to impose or modify account restrictions. The IA Rep will contact or attempt to contact the client annually on these matters. It is the client's responsibility to notify the IA Rep at any time there are changes. Clients may call in at any time during normal business hours to discuss directly with the IA Rep about the client's account, financial situation, or investment needs. Clients will receive from the custodian/brokerage firm timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program.

### **Financial Planning Services**

The goal of these services is to identify personal goals, investment objectives, and financial resources of the client. Based upon the client interview, questionnaire, and client profile SAM will supply ongoing recommendations to align the personal goals, investment objectives, and financial resources with one another. The process of these services typically includes:

- a. Understanding the client's personal and financial circumstances;
- b. Identifying and selecting goals;
- c. Analyzing the client's current course of action and potential alternative course(s) of action;
- d. Developing recommendations
- e. Presenting the recommendations
- f. Assisting with the implementation of recommendations (if requested by the client); and/or
- g. Monitoring progress and updating plan.

The client retains the sole responsibility for determining whether to implement any recommendations made by SAM. There is no requirement that the client implement any recommendations through SAM. The client should understand that the recommendations represent a conflict of interest since SAM will receive fees, compensation or other concessions for the performance of Asset Management Services (see

below). The client always has the right to select any advisory firm, insurance agency or representative to implement the advice and recommendations provided by SAM and/or its IA Rep.

### Asset Management Services

Asset Management Services entail the continuous discretionary management of the client's investment account(s). The client may elect to have all, a portion, or none of its investment accounts managed while receiving Financial Planning Services.

As part of its SAM's Asset Management Services, SAM will provide clients with reviews and analysis as to annuities, life insurance, long-term personal care, and disability offerings through SS&C Advent Insurance Marketplace (the "Marketplace"), which integrates DPL Financial Partners' ("DPL's")<sup>1</sup> fee-only insurance technology platform. As part of the Service, SAM will evaluate commission-free products believed to be in the client's best interest and open policies as may be needed. It will be at the client's discretion as to whether an annuity or insurance product is purchased or not. SAM will also leverage the Marketplace's custodial data feed to access enhanced insurance reporting within the platform. This integration allows SAM to provide clients a complete financial picture with a full reconciliation of accounts, including position and transaction data, fee calculations and robust reporting. SAM does not receive any monetary compensation or other incentive from the Marketplace or DPL for participating in the Marketplace or for recommending their products to clients. However, as a fee-only investment adviser, SAM charges for this Service as a percentage of assets under management as further disclosed in Item 5 below.

### Consultations

Consultations may be arranged between SAM and a client, if a client wishes to use SAM's services on an as-needed basis. The charge for these consultations is \$500 per hour, but Consultations may also be negotiated at a different rate at the discretion of SAM.

## ***Item 5. Fees and Compensation***

### Financial Planning Fee

For the performance of its Financial Planning Services, SAM shall receive a fee of \$1,500 per calendar quarter ("FP Fee"). The FP Fee is assessed quarterly, in advance. The first payment is due upon the effective date of the client's advisory agreement and covers the remainder of the calendar quarter in which the advisory agreement is executed. Each subsequent payment shall be due at the beginning of each calendar quarter (January 1, April 1, July 1, October 1). The FP Fee applies should the client elect to receive Financial Planning Services only, or both Financial Planning and Asset Management Services. Payment methods for FP Fees may include direct debiting of the client's custodial accounts, automated clearing house ("ACH"), or credit card payments. SAM will recommend which payment method is most advisable for the client based upon the client's circumstances. For ACH and credit card payment, SAM utilizes the services of an unaffiliated third-party vendor for the collection of FP Fees. Should the advisory agreement be terminated mid-quarter, the client will be entitled to a pro-rata refund of the FP Fee based upon the days remaining in the billing cycle following the termination date. If the advisory

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<sup>1</sup> DPL is an unaffiliated third-party that provides commission-free annuity and insurance products. DPL is licensed as an insurance producer. Its representatives are also licensed as insurance producers, appointed as insurance agents of the insurers offering their products through the platform, and registered representatives of The Leaders Group, Inc., an unaffiliated SEC-registered broker-dealer and FINRA member.

agreement is terminated within 21 days of the effective date the client will be entitled to a full refund. At SAM's sole discretion, a Client's advisory agreement may be amended to lower the FP Fee.

### Asset Management Services

For the performance of its Asset Management Services, in addition to receiving the FP Fees described above, SAM shall receive an annualized percentage of assets under management ("AUM Fee"). The AUM Fee is assessed at a flat rate of sixty basis points (0.60%) of the Client's assets under management held in the Client's Account(s), including cash and cash equivalents. AUM Fee is payable quarterly, in arrears. The first AUM Fee payment is assessed and due at the end of the first calendar quarter following the Effective Date and will be assessed pro rata in the event the Agreement is executed at any time other than the first day of the current calendar quarter. Subsequent AUM Fee payments are due and will be assessed on the first day after the end of each calendar quarter based on the average daily value of the Account(s)' AUM during that quarter.

The average daily balance for each account is determined by calculating the total dollar value for every business day during the previous quarter. All account balances for the previous quarter are then added together and divided by the number of business days in the quarter. The fee is then calculated by multiplying the average daily balance of the account by 15 basis points (i.e., one-fourth of the annual rate of 0.60%). Market value is determined by looking at the quarter-end Net Asset Value ("NAV") of the Client's accounts. In determining the NAV, SAM typically utilizes the "trade date" (i.e., the day securities are bought) as opposed to the settlement date (i.e., the date securities settle within the Client's Account) for valuation purposes. The NAV is provided to the Company by "Black Diamond" a management software program which pulls its data from the Client's custodian. Should the NAV provided by Black Diamond differ from the NAV specified by the Client's custodian, the Company will utilize the NAV provided by Black Diamond for billing purposes. In limited circumstances, when required by the record keeper or custodian, the market value of the Client's account on the last day of the billing period shall be used to calculate the AUM Fee.

In the event SAM's services are terminated mid-quarter, any owed fees are immediately due, and any paid, unearned fees will be promptly refunded to the Client. The number of days the Account was managed during the quarter until termination is used to determine the percentage of the management fee earned (based on the total number of business days in the quarter)

The AUM Fee will be deducted from the client's account by the custodian as soon as practicable following the end of each applicable period. At times, if requested by the client and in SAM's sole discretion, SAM will invoice the client directly for fees as opposed to debiting the client's account. The custodian will provide quarterly account statements to the client that will show all disbursements for the custodian account, including the amount of the advisory fees. If advisory fees are deducted from client accounts SAM will deliver a separate statement to the client and custodian indicating the amount of the deduction attributable to advisory fees. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

These fees are for advisory services only and do not include any transaction fees or commissions, which may be charged separately by the broker/dealer custodial firm. See the section heading **Brokerage Practices** for more information.

If the account does not contain sufficient funds to pay advisory fees, SAM reserves the right to sell or redeem securities in sufficient amounts to pay advisory fees.

Fees are not collected for services to be performed more than six months in advance.

Advisory services similar to those offered by this advisor, may be found elsewhere at lower rates.

In addition to fees paid for advisory services with respect to clients' investments in mutual funds and exchange traded funds ("Investment Funds"), clients pay additional fees on the Investment Funds because the Investment Funds also pay advisory and/or management fees to an investment advisor.

Financial Planning and Asset Management Services will continue until either party terminates the advisory agreement on seven (7) days written notice.

If termination occurs prior to the end of a calendar quarter, the client will be invoiced for fees due on a pro-rata basis.

The advisory agreement contains a pre-dispute arbitration clause. The client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

#### Consultations

If a client decides to engage in a consultation the charge for the review and presentation work performed by SAM is hourly, typically at the rate of \$475 per hour. A fixed fee may be negotiated between SAM and the client based upon the scope of the project.

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

SAM does not charge fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). SAM's fee compensation is charged only as disclosed above. In addition, SAM does not engage in side-by-side management.

#### ***Item 7. Types of Clients and Account Minimums***

SAM provides advisory services to individuals, pension and profit sharing plans, trusts, estates, and business entities.

There is no minimum account size for Asset Management Services, however, SAM requires Financial Planning Services from its clients if they wish to use Asset Management Services. Therefore, the minimum fee for Asset Management Services and Financial Planning Services is \$6,000 annually, or \$1,500 per quarter.

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

SAM uses asset allocation strategies for portfolio management, as well as tactical shifts based upon the analysis of recent price movements in ETFs and/or individual stocks.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

Securities markets fluctuate substantially over time. All investments in securities include a risk of loss of money invested (principal) and any unrealized profits (i.e., profits in the account that have not been liquidated, sometimes called "paper profits"). In addition, as recent global and domestic economic events

have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets SAM manages that is out of its control. SAM cannot guarantee any level of performance or that clients will not experience a loss of account assets.

SAM does not represent, warrant, or imply that the services or methods of analysis used by SAM can or will predict future results. Further, no promises or assumptions can be made that the advisory services offered by SAM will provide a better return than other investment strategies.

Varied fluctuations in the price of investments are a normal characteristic of securities markets due to a variety of influences.

SAM is disclosing those risks and opportunities for tactical shifts in client portfolios.

- By timing the buys and sells, SAM endeavors to control the risks. Timing the markets has its own set of risks.
- There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income.
- The tactics, in execution, may include a non-diversified approach.
- The tactics are based upon statistical back-testing, which does not guarantee future investment results.
- The tactics involve frequent trading which can erode performance through increased transaction costs and frictional costs of trading in markets.

There are certain additional risks associated with the securities recommended and strategies utilized by SAM including, among others:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Sector Risk – The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- Non-Diversification Risk – The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If client held common stock, or common stock equivalents, of any given issuer, client would generally be exposed to greater risk than if client held preferred stocks and debt obligations of the issuer.
- Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Interest Rate Risk – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- Reinvestment Risk – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.



- Management Risk – Client’s investment with the Firm varies with the success and failure of the investment strategies, research, analysis and determination of portfolio securities. If the investment strategies do not produce the expected returns, the value of the investment will decrease.
- Opportunity Cost Risk – The risk that an investor may forego profits or returns from other investments.
- Margin Risk - When purchasing securities, the securities may be paid for in full, or it is possible to borrow part of the purchase price from the client’s account custodian or clearing firm. If borrowing funds in connection with the client account, the client will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm’s collateral for its loan to the client. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that each client fully understand the risks involved in trading securities on margin, which are applicable to any margin account that clients maintain. These risks include the following: (i) the client can lose more funds than deposited in the margin account; (ii) the account custodian or clearing firm can force the sale of securities or other assets in the account; (iii) the account custodian or clearing firm can sell the client’s securities or other assets without contacting the client; (iv) the client is not entitled to choose which securities or other assets in the margin account may be liquidated or sold to meet a margin call; (v) the account custodian or clearing firm may move securities held in a cash account to the margin account and pledge the transferred securities; (vi) the account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide the client advance written notice; and/or (vii) the client is not entitled to an extension of time on a margin call.
- Options Risk - Below are some of the main risks associated with investing in options:
  - When writing covered call options to produce income for a client’s account, there may be times when the underlying stock is “called” (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor.
  - Clients may be required to open a margin account in order to invest in options, which carries additional risks (see above for details) and could result in margin interest costs to the client.
  - Option positions may be adversely affected by company specific issues (the issuer of the underlying security) which may include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers and acquisitions. In addition, market related actions, political issues, and economic issues may adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
  - Changes in value of the option may not correlate with the underlying security, and the account could lose more than principal amount invested.
  - Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, “Characteristics and Risks of Standardized Options”, which can be obtained from any exchange on which options are traded, at [www.optionsclearing.com](http://www.optionsclearing.com), or by calling 1-888- OPTIONS, or by contacting your broker/custodian.

### ***Item 9. Disciplinary Information***

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. SAM does not have any disclosure items.

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

Neither SAM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Further, neither SAM nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities. Moreover, SAM does not have any relationship or arrangement that is material to its advisory business or to its clients. SAM does not recommend or select other investment advisers for clients in exchange for compensation from those advisers.

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

#### *Code of Ethics*

SAM maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics.

#### *Personal Trading*

At times SAM and/or its IA Rep will take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its IA Rep will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. SAM and/or its IA Rep will participate in block trades with clients, and will also participate on a pro rata basis for partial fills, but only if clients receive fair and equitable treatment. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### ***Item 12. Brokerage Practices***

#### *Selection or Recommendation of Broker/Dealers*

For SAM's Asset Management Services it is required that clients implement trades and maintain custody of assets through Charles Schwab. The selection is made on the discount rates, execution services, and technology available to the client. Clients may pay transaction fees to Charles Schwab for trades executed. Charles Schwab provides clients with consolidated statements. A complete commission schedule is published at <https://www.schwab.com/pricing> for Charles Schwab.

SAM is not affiliated with Charles Schwab. The IA Rep of the firm is not a registered representative of Charles Schwab and does not receive any commissions or fees from recommending these services.

As discussed in Item 4 above, SAM provides clients access to commission-free annuity products through DPL, which negotiates commission-free annuity and insurance products with participating insurance companies on their platform. These products are offered through DPL Financial Partners' broker-dealer, The Leaders Group, Inc., a member of FINRA/SIPC, and an independent, unaffiliated SEC-registered broker-dealer.

#### Soft Dollar Practices

Not applicable.

#### Client Referrals from Brokers

Not applicable.

#### Directed Brokerage

SAM does not allow clients to direct brokerage to broker-dealers other than the custodians typically used by the firm for trade execution. Not all advisers require clients to direct brokerage to the brokerage firm typically used by the adviser. As discussed below, the firm has a fiduciary duty to seek best execution and act in the clients' best interests.

#### Trade Aggregation

SAM uses the trade aggregation services offered by custodians recommended by the firm. Neither SAM nor its clients pay additional fees for trade aggregation services.

### ***Item 13. Review of Accounts and Reports on Accounts***

#### Reviews

SAM monitors the individual investments under Asset Management Services each business day. Portfolio performance is reviewed on a quarterly basis at a minimum. SAM supervisory service program clients a portfolio review meeting on an annual basis at a minimum.

The account reviews are performed by the client's IA Rep. The Chief Compliance Officer monitors the portfolios for investment objectives and other supervisory review.

#### Reports

All clients receive standard account statements from its custodian. Asset Management Services clients may access their performance as of the last business day at any time.

### ***Item 14. Client Referrals & Other Compensation***

#### Referral Fees Paid

The firm does not directly or indirectly compensate any person who is not a supervised person for client referrals.

### Referral Fees Received

Neither SAM nor its related persons have any arrangement, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment, or non-research services) from a non-client in connection with giving advice to clients or directly.

### **Item 15. Custody**

Pursuant to applicable regulations, the firm is deemed to have “constructive custody” of client funds because it has the authority and ability to debit fees directly from the accounts of those clients receiving services. Additionally, certain clients have, and could in the future, sign a Standing Letter of Authorization (“SLOA”) that gives SAM the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give SAM custody. Custody is defined as any legal or actual ability by the firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

- Ensure clients’ managed assets are maintained by a qualified custodian;
- Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
- Confirm that account statements from the custodian contain all transactions that took place in the client’s account during the period covered and reflect the deduction of advisory fees; and
- Obtain a surprise audit by an independent accountant on the clients’ accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts SAM from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

- When debiting fees from client accounts, SAM must receive written authorization from clients permitting advisory fees to be deducted from the client’s account.
- In the case of SLOAs, SAM must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the firm, and (iii) ensure that certain requirements are being performed by the qualified custodian.

The qualified custodian that is selected by a client maintains actual physical custody of client assets. Client account statements from custodians will be sent directly to each client to the email or postal mailing address that is provided to the qualified custodian selected by the client. Clients are encouraged to compare information provided in reports or statements received by SAM with the account statements received from their custodian for accuracy. In addition, clients should understand that it is their responsibility, not the custodian’s, to ensure that the fee calculation is correct.

If client funds or securities are inadvertently received by SAM, they will be returned to the sender immediately, or as soon as practical.

SAM encourages clients to raise any questions to the firm about the custody, safety or security of their assets. The custodians SAM does business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

SAM maintains custody for certain client accounts and is engaged with an independent accountant to provide a surprise audit annually.

***Item 16. Investment Discretion***

SAM maintains full discretion under a limited power of attorney as to the securities and amount of securities.

SAM will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Advisory Agreement with the client.

Clients will use Charles Schwab's form(s) to designate SAM with limited agent authority, which does not allow fee payment authorization, or with full agent authority, which does allow fee payment authorization.

***Item 17. Voting Client Securities***

SAM does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page. Further, SAM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

***Item 18. Financial Information***

SAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. SAM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.