

Item 1: Cover Page

## ADV Part 2A Brochure



COLMAN KNIGHT ADVISORY GROUP, LLC

530 GREAT ROAD  
ACTON, MA 01720

978-371-2015  
[www.colmanknight.com](http://www.colmanknight.com)

February 4, 2025

This brochure provides information about the qualifications and business practices of Colman Knight Advisory Group, LLC. If you have any questions about the content of this brochure, please contact us at 978-371-2015 or by email at [david@colmanknight.com](mailto:david@colmanknight.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

We are a registered Investment Advisor with the United States Securities and Exchange Commission. Registration as an Investment Advisor does not imply any level of skill or training.

Additional information about Colman Knight Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Colman Knight, LLC is 119696.

## Item 2: Summary of Material Changes

This specific Item is used to provide Clients with a summary of material changes as defined by the Commission including additional information, we deem to be relevant for our current and prospective clients. The revision(s) are based on the nature of the information detailed below.

- **Material Changes:** Should a material change in our operations occur, depending on its nature Colman Knight will promptly communicate this change to Clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.
- **Annual Update:** Advisors are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31<sup>st</sup>. Colman Knight will provide clients with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide clients with our revised Brochure that will include a summary of those changes in this Item.

The following are the material changes in this brochure from the last annual updating amendment on 03/14/2024 of Colman Knight Advisory Group, LLC. Material changes relate to Colman Knight Advisory Group, LLC's policies, practices or conflicts of interests.

- We have updated our principal owners. Please see Item 4.
- We have updated our financial planning and consulting fee range to \$10,000 to \$120,000. Please see Item 5.
- David Manteau was appointed Chief Compliance Officer on 1/13/25.
- The firm has added discretionary trading authority

If you would like to receive a complete copy of our brochure, please contact us at 978-371-2015 or by email at [rich@colmanknight.com](mailto:rich@colmanknight.com).

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## Item 4: Advisory Business

### Firm Description and History

Colman Knight Advisory Group, LLC (“Colman Knight”, “CK” or the “Advisor”) is a fee-only, federally registered investment advisor with its principal place of business located in Acton, Massachusetts. The firm was established in January 2003 as a Massachusetts limited liability company and has five members: Richard Colman, Gayle Colman, Joseph James Knight Colman, David Manteau and Marc Berman. The principal owners, Rich Colman and Gayle Colman, are responsible for all investment decisions on behalf of Clients and collectively have over sixty years of experience in the financial services industry. The firm currently has five investment professionals. For more information about the team please consult the Colman Knight Advisory Group Brochure Supplement.

Advisory Services: Colman Knight provides a broad range of project-based and comprehensive financial planning and consulting services which may include tax-related and other non-investment related matters. We charge a fixed fee for these services. The client is under no obligation to act upon any of the recommendations made by Colman Knight and/or engage the services of any such recommended professional, including Colman Knight itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Colman Knight.

Colman Knight’s clients are advised to promptly notify Colman Knight if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Colman Knight’s management services.

For some clients, Colman Knight may manage their accounts through asset allocation services through the mutual fund sponsors. Under this arrangement, Colman Knight's client opens a custody account with a qualified custodian affiliated with the investment advisor to the mutual fund family. The investment advisor (or an affiliate) provides model investment strategies based on an allocation of the client’s assets to selected investments by the mutual fund family. Colman Knight will select the appropriate allocation based on the client's investment objectives and monitor the performance of the account. There are no additional fees associated with this arrangement. Clients also may have investments in equities and fixed income securities in their portfolio.

Other Services: Colman Knight may also render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. In doing so, Colman Knight recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product, which is owned by the client, or at the custodian designated by the sponsors of the client’s retirement plan.

### Strategy and Objective

Colman Knight provides investment advisory services to individuals, including high net worth individuals. We provide non-discretionary investment management services utilizing a fundamental global approach

that reviews most, if not all industry sectors, approach to investing. CK's investment strategy is a buy/hold with a global view not focusing on any particular sector.

Colman Knight assists clients with developing investment objectives and an asset allocation strategy, and by providing portfolio structure analysis and asset rebalancing. However, the final decision regarding the strategic asset allocation typically remains with the client.

Client investments are not limited to any specific product or service offered by a broker dealer or insurance company. Colman Knight will primarily invest in individual debt and equity securities, mutual funds, index funds, exchange-traded funds, and/or options in accordance with the client's investment objectives.

Clients should be aware of investment and other risks, restrictions on withdrawals and other information relevant to their investment. Additional information on certain investment risks is provided under Item 8, subsection Market, Security and Regulatory Risks below.

**Tailored Advisory Services:** Advisory services recommendations are tailored to the individual needs of the individual client. Clients may impose guidelines or restrictions on certain types of securities or investments, but such restrictions must be provided in writing.

**Wrap Fee Programs:** Wrap fee programs generally are arrangements where clients are charged a single fee for both advisory services and brokerage commissions. Colman Knight does not participate in wrap fee programs.

### Assets Under Management

As of December 31, 2024, Colman Knight had \$ 34,133,798 in discretionary and \$ \$ 141,096,821 in non-discretionary assets under management (AUM).

### Item 5: Fees and Compensation

As stated above, Colman Knight provides a broad range of project-based and comprehensive financial planning and consulting services which may include tax-related and other non-investment related matters. We charge a fixed fee for these services. Colman Knight's financial planning and consulting fees are negotiable, but generally range from \$10,000 to \$120,000 on a fixed fee basis depending upon the level and scope of the services as well as the complexity of the client's finances, anticipated effort required for completion and anticipated value of the services to be rendered.

Prior to engaging Colman Knight to provide financial planning and/or consulting services, the client will be required to enter into a written agreement with Colman Knight setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of that fee that is due from the client prior to Colman Knight commencing services. For project-based engagements, Colman Knight generally requires one-half of the financial planning/consulting fee payable upon entering the written agreement. The balance is then due upon delivery of the financial plan or completion of the agreed upon services.

For comprehensive financial planning clients, Colman Knight generally charges an annual fee or retainer. Clients normally pay that annual retainer in equal quarterly installments, in advance of the calendar quarter for which services are to be performed. Either party may terminate the agreement by written notice to the other. In the event the client terminates Colman Knight's financial planning and/or consulting services, the balance of Colman Knight's unearned fees (if any) shall be refunded to the client. If

termination occurs within five business days of entering into an agreement for such services, the client shall be entitled to a full refund.

The client may make additions to and withdrawals from the account at any time, subject to Colman Knight's right to terminate an account that falls below a level that it deems impracticable to manage. However, while the client may make additions to and withdrawals from the account, Colman Knight's fee payable shall not be affected since it is not based on a percentage of assets under management but rather a fixed annual retainer. Colman Knight designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives. Additions may be in cash or securities, provided that Colman Knight reserves the right to decline to accept particular securities into a client's account.

Either party may terminate the agreement by written notice to the other. Clients or Colman Knight may terminate their agreement by providing the other party with a 30-day written notice.

Colman Knight does not receive commissions or any other incentive fees from underlying managers that we select or recommend. Our revenues are derived solely from the fees paid by our clients.

### Other Costs Involved

In addition to the above fees, clients are responsible for paying any fees and expenses, such as brokerage commissions, associated with effecting of securities trades for client's investment portfolios. These fees include:

- Management fees for mutual funds, closed-end funds, and ETFs. These are fees charged by the managers of the funds and are a portion of the expenses disclosed in the prospectus.
- Mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- Brokerage costs, transaction and administrative fees charged by the client's broker or custodian.

Additional details on these fees are described below.

### *Mutual Fund and ETF Fees and Expenses*

If clients invest in mutual funds, closed-end funds, or exchange-traded funds (ETFs), clients will indirectly bear the fees and expenses paid by the funds to their service providers. These fees will include management fees, custody and administration fees and expenses, and in some cases a sales load or distribution fee. These fees and expenses are described in each fund's prospectus.

### *Brokerage and Custodial Fees*

In addition to advisory fees paid the client will also be responsible for all transaction, brokerage, and custodial fees incurred as part of overall account management. Please see Item 12 of this Brochure for important disclosures regarding the Advisor's brokerage practices.

### *Fees in General*

Fees are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, negotiations with client, etc.). The Client agreement will specify the fee arrangement in writing.

Under no circumstances will Colman Knight earn fees in excess of \$1,200 more than six months in advance of services rendered.

### *Account Termination*

In the event the client terminates Colman Knight's financial planning and/or consulting services, the balance of Colman Knight's unearned fees (if any) shall be refunded to the client. If termination occurs

within five business days of entering into an agreement for such services, the client shall be entitled to a full refund. Clients or Colman Knight may terminate their agreement by providing the other party with a 30-day written notice. Upon termination of any account, any earned, unpaid fees will be due and payable or refunded to the client, as appropriate, in a timely manner. In general, such fees are pro-rated from the date of termination to the end of the period to which the advance fee applied.

## Item 6: Performance-Based Fees and Side-by-Side Management

Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client (i.e. client that is a hedge fund or other pooled investment vehicle). Colman Knight does not charge performance-based fees.

Because we charge our clients only fixed fees, the management of multiple accounts with the same investment objectives does not raise a conflict of interest.

## Item 7: Types of Clients

Colman Knight provides investment advisory and consulting services to individuals including high net worth individuals. While we do not specify a minimum account size or minimum annual fee for investment management services, we may determine that certain prospective clients' accounts are impracticable or inappropriate for us to manage.

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

### Summary

Individual securities are sought in an effort to obtain maximum investment gains. Colman Knight invests, holds, buys, sells and otherwise deals in securities and other tangible investment instruments consisting primarily, but not solely, of stocks, bonds, ETFs, notes, options, and warrants that are traded in public markets as well as mutual funds. We may also engage in short selling and other hedging strategies.

For each client we have prepared an Investment Policy Statement that reflects the client's circumstances and their tolerance for risk. The client reviews the policy and once we are in agreement, the client signs the policy and establishes the range of assets to be allocated to Equities, Fixed Income and Alternative Investments. Periodically and particularly after major market turbulence we review this policy and adjust allocations.

Our investment strategy is to remain fully invested through market cycles; however, we may make tactical adjustments to the various asset classes based on the situation in the overall economy. We do not use frequent trading techniques and stocks and mutual funds are purchased for long-term capital appreciation. Holdings are formally reviewed semi-annually and holdings that are significantly underperforming their benchmarks may be sold.

### *Equities and Fixed Income*

For equities, we utilize a mix of individual stocks selected by Colman Knight Advisory Group, LLC and mutual funds or exchange traded funds to diversify the investment style within the client's portfolio. We assure that there is a balance of US and Non-US stocks, and we have exposure to Emerging Markets. We also assure that all sectors are represented which may or may not be in alignment to the sector weight in the S&P 500 Index. We also diversify across small, medium and large capitalization companies and amongst growth, value and core type holdings. For clients holding individual stocks, their stock holdings typically exceed thirty stocks. Lastly, we assure that no one holding composes more than 3% of the client's equity holdings. If the holdings exceed this limit, we advise the client in our semi-annual investment reviews. It is felt that these diversification techniques reduce the client's equity risk to market fluctuations.

For Fixed Income, we may use laddered portfolios of bonds and CDs to reduce the interest rate risk. To reduce credit risk for fixed income, we primarily invest in municipal bonds with underlying ratings of AA or better. We utilize CD's which have FDIC insurance and in addition, we strive to purchase CDs with IDC FP rank of 150 or better on their 0-300 scale. We may also use fixed income mutual funds to diversify the portfolio and to provide exposure to other fixed income sectors.

All investments involve different degrees of risk. Clients should be aware of their risk tolerance level and financial situations at all times. CK cannot guarantee the successful performance of an investment and is expressly prohibited from guaranteeing accounts against losses arising from market conditions.

### Methods of Analysis

Colman Knight utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research/analysis, technical analysis, and cyclical analysis.

#### *Fundamental Analysis*

This method of analysis examines a company at a basic or fundamental financial level. It considers its financials and operations (especially sales, earnings, growth potential, profitability, competitive strengths and weaknesses, assets, debt, management, etc.) in order to determine the company's financial health. Fundamental analysis takes into consideration only those variables that are directly related to the company itself, rather than the overall state of the market or technical analysis data.

#### *Technical Analysis*

In contrast to fundamental analysis, this method of evaluating securities analyzes market activity, such as past prices and volume, in order to forecast market direction. Technical analysis utilizes price patterns, charts, and other tools to identify trends that can suggest future market behavior.

#### *Cyclical Analysis*

This analysis takes into consideration economic cycles in order to predict how various sectors of the market will perform. For example, in periods of slow economic activity, stocks in consumer staples such as food and household products may be appropriate. As the economy moves into a period of recovery and people resume spending, consumer discretionary stocks such as retailers or automakers may become more attractive.

CK gathers and utilizes research information from a variety of sources including *Bloomberg*, *Standard and Poor's*, *YCharts*, *Morningstar*, news from other financial magazines and publications, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. In some instances, and for some companies, the Advisor may hold discussions with management.

CK investment professionals meet via Investment Committee periodically to review portfolio securities to determine whether it is appropriate to increase, decrease, liquidate, or hold their position.

Clients should be aware that there are risks associated with all types of investments, including investment in securities. Investments are not insured or guaranteed. Investing in securities involves risk of loss that clients should be prepared to bear.

### Investment Strategies



The firm invests client assets against very well-defined objectives, such as outperforming a benchmark based on a client's long-term liability profile. Portfolio asset allocations are customized based on each client's unique requirements. Assets are allocated actively across a diversified group of asset classes and managers, generally with a mix of active and passive strategies. All investment decisions are made within constraints established with the client and with an eye to reducing uncompensated or poorly compensated risk wherever possible.

*Leverage.* Colman Knight may have the authority to borrow, trade on margin and otherwise obtain leverage from brokers, banks, and others on a secured or unsecured basis. Clients may utilize leverage to the extent deemed appropriate by the Advisor, and the amount of leverage utilized by Clients may be significant.

*Short Selling.* Short selling may be employed opportunistically as a part of a client's investment strategy. Short positions will involve both hedging situations, where the position is intended to wholly or partially offset another position in a related security, and speculative situations, where the Advisor believes the security sold short is likely to decline in price.

*Options.* We may engage in various types of options transactions, including hedging and speculative positions in options on securities and indices, including both put and call options.

*Trading.* Some of our investment strategies may involve a significant level of trading. Trading costs are borne by the clients and will therefore reduce portfolio returns.

### Market, Security and Regulatory Risks

Any investment with Colman Knight involves significant risk, including a complete loss of initial investment. All investment programs have certain risks that are borne by Clients which are described below.

#### Market Risks

*Competition. Availability of Investments.* Certain markets in which we may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Advisor will be able to identify or successfully pursue attractive investment opportunities in such environments.

*Market Volatility.* The profitability of the portfolios substantially depends upon the Advisor correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. Colman Knight cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

*The Advisor's Investment Activities.* Colman Knight's investment activities may involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Advisor. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability to realize profits.

*Material Non-Public Information.* By reason of their responsibilities in connection with other activities of Colman Knight and/or its principals or employees, certain principals or employees of the Advisor and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Advisor will not be free to act upon any such information. Due to these restrictions, the Advisor may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Accuracy of Public Information.* Colman Knight selects investments, in part, on the basis of information and

data filed by issuers with various government regulators or made directly available to the Advisor by the issuers or through sources other than the issuers. Although the Advisor evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Advisor is not in a position to confirm the completeness, genuineness, or accuracy of such information and data. In some cases, complete and accurate information is not available.

*Leverage.* When deemed appropriate by the Advisor and the Client, subject to applicable regulations, the Advisor may employ leverage in a client account, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, **such as puts, calls, and warrants**, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

*Options and Other Derivative Instruments.* The Advisor may invest, from time to time, in the buying and selling of puts and calls on some securities or financial indices. The prices of options are highly volatile and depend on the values of the securities, indexes, currencies, or other instruments underlying them. Price movements of options are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

*Hedging Transactions.* The Advisor may establish hedges for portfolio positions depending on a client's risk tolerance and overall investment objectives. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase.

*Short Selling.* Short selling for speculative purposes carries the risk of losses to the extent that the security sold short increases in price. Such losses are potentially unlimited.

*Market or Interest Rate Risk.* The price of most fixed income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the account holds a fixed income security to maturity, the change in its price before maturity may have little impact on the account's performance; however, if the Advisor has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the account.

*Inflation Risk.* Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Advisor purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the account is exposed to inflation risk because the interest rates the issuer promises to make are fixed for the life of the security.

*Non-U.S. Investments.* Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets, and general social, political and economic instability; the

relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the client's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, we may be unable to structure transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the client's rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the securities laws and regulations of the U.S. Accordingly, the protections accorded to the client under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

*Risk of Default or Bankruptcy of Third Parties.* The Advisor may engage in transactions in financial instruments and other assets that involve counterparties. Under certain conditions, the account could suffer losses if a counterparty to a transaction were to default or if the market for certain securities or other financial instruments and/or other assets were to become illiquid.

*Legislative Risk.* Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest in certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities.

*Tax Risks.* Tax laws and regulations applicable to an account with Colman Knight may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, customers may experience adverse tax consequences from the early assignment of options purchased for a customer's account. Customers should consult their own tax advisors and counsel to determine the potential tax-related consequences of investing.

## Regulatory Risks

*Strategy Restrictions.* Certain Clients (e.g. ERISA clients) may be restricted from directly utilizing investment strategies of the type in which the Advisor may engage, or may restrict the Advisor from utilizing them, e.g., the use of leverage. Clients which may be so restricted should consult their own advisors, counsel, and accountants to determine what restrictions may apply or may be appropriate.

*Trading Limitations.* For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the account to loss. Also, such a suspension could render it impossible for the Advisor to liquidate positions and thereby expose the Account to potential losses.

## Security Specific Risks

*Liquidity.* Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

*Currency.* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

### **Item 9: Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material in the evaluation of Colman Knight or the integrity of the firm's management. Colman Knight along with its principal owners and employees have not been disciplined by any governing authority, including any regulatory agency, CFP Board of Standards, or any industry association of which they are licensed and/or are members.

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

Colman Knight provides a broad range of non-investment related consulting including tax preparation services. Colman Knight does not charge a separate fee for these services. Colman Knight anticipates that it will devote approximately 15% of its time to such services.

One of Colman Knight's Managing Members, Richard K. Colman is a licensed practicing attorney admitted to the Bars of the States of Massachusetts and New York. Mr. Colman maintains a limited Legal practice separate and distinct from Colman Knight's financial planning and investment advisory activities. Mr. Colman may indirectly serve as attorney for certain of Colman Knight's clients. Colman Knight may engage Mr. Colman to draft legal documents on behalf of its clients when it determines a need for such legal documents. A fixed project-based fee shall be mutually agreed upon prior to the commencement of legal work. Mr. Colman shall charge all of his legal fees to Colman Knight. Upon mutual agreement with its clients, Colman Knight shall invoice its clients in the amount of Mr. Colman's legal fees. No portion of the financial plan or any other services rendered by Colman Knight to its clients should be interpreted as legal advice. Rather, clients should defer to the advice of their own attorney. Mr. Colman spends approximately 10% of his time on legal work.

Since the Advisor endeavors at all times to put the interest of its clients first as part of its fiduciary duty as a registered investment advisor, the Advisor takes the following steps to address these conflicts:

- The Advisor discloses to Clients the existence of all material conflicts of interest.
- Colman Knight ensures that each Client's investment objective, risk tolerance, etc. are codified in an Investment Policy Statement ("IPS").
- Management conducts regular reviews of Client accounts to verify that all allocations are in-line with the Client IPS and consistent with Client objectives.

Neither Colman Knight nor its principal owners are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither Colman Knight nor its principal owners 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.

Colman Knight does not have any material business relationships with other investment advisors that it recommends or selects for Clients.

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

The Advisor strives to observe the highest industry standards of conduct based on its obligation as a

fiduciary to its clients. In an effort to meet this obligation, Colman Knight has adopted a written Code of Ethics (the "Code") that is applicable to all employees. Each employee will be provided a copy, and is required to acknowledge, in writing, that they have received, read, understand and will abide by, the Code, and the CK's Compliance Manual, upon commencement of employment and upon any material change to the Code.

The Code requires that employees act in the Client's best interests and comply with applicable laws and regulations. Employees are expected to avoid any action that is, or could even appear to be, legally or ethically improper. The principles outlined in the Code apply to all conduct, whether or not the conduct is also covered by more specific standards or procedures set forth in the Code, Compliance Manual, or elsewhere. Employees are required to bring any violations, actual or suspected, of the Code immediately to the attention of CK's Chief Compliance Officer ("CCO"). Failure to comply with the Code may result in disciplinary action or other sanctions including termination of employment.

The Code also places certain restrictions on the personal trading activities of employees and their immediate family members. Employees may generally engage in personal trading only by obtaining prior approval and subject to pre-clearance by the Chief Compliance Officer. However, employees may purchase and sell open-end mutual funds, exchange traded funds ("ETFs"), and any other securities not specifically prohibited by the Code without pre-clearance. Employees are required to disclose their personal securities holdings annually and personal securities transactions quarterly to the Chief Compliance Officer. Employees may also participate in limited offerings such as hedge funds, private equity funds, or other types of private offerings, subject to pre-clearance procedures.

CK, its employees or affiliates (collectively "Related Persons"), will generally have an investment in the funds managed by us. As a result, Related Persons have an interest in an investment that may also be recommended to clients.

A copy of the Code of Ethics shall be provided to any client or prospective client upon request. Material components of the Code, in summary form, include:

*Standard of Business Conduct.* It is the responsibility of all employees to ensure that the Advisor conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties. Employees have a duty to place the interest of the Clients first, and to refrain from having outside interests that conflict with the interests of their client(s).

*Prohibited Conduct.* The Advisor's employees must avoid any circumstances that might adversely affect or appear to affect their duty of complete loyalty to clients.

*Privacy of Client Information.* All information relating to Clients' portfolios and activities, and proposed recommendations is strictly confidential. Consideration of a particular purchase or sale may not be disclosed, except to authorized persons.

*Personal Securities Transactions.* All employees shall comply with the Advisor's personal account trading policy summarized below.

*Conflicts of Interest.* Employees may not use any confidential information or otherwise take inappropriate advantage of their positions for the purpose of furthering any private interest or as a means of making any personal gain. Employees and their immediate families may not accept any benefit from clients or any person who does business with the Advisor, other than business courtesies and non-cash gifts of nominal value.

*Service as a Director.* No employee may serve as a director of a publicly held company without prior approval by the Chief Compliance Officer based upon a determination that service as a director would not be adverse to the interest of clients.

*Reporting of Violations.* Employees are required to promptly report all actual or potential conflicts of interest, violations of any government or regulatory law, rule or regulation, or violations of the Advisor's policies and procedures.

*Training.* Formal ethics training for all employees will occur on a periodic basis.

*Review and Enforcement.* The CCO is responsible for ensuring adequate supervision over the activities of all persons who act on the Advisor's behalf in order to prevent and detect violations of the Code by such persons.

*Participation in or Interest in Client Transactions and Personal Securities Trading.* All employees shall comply with the procedures governing personal securities transactions set forth in the Code. Such procedures are designed, among other matters, to assist the CCO in avoiding potential conflicts of interests and detecting and preventing abusive trading practices such as "scalping" or "front running" and to highlight potentially abusive "soft dollar/Client commission" or brokerage arrangements. Strict compliance with the Advisor's personal trading policy is essential to the Advisor and its reputation. Any violation of the Advisor's personal trading policy can be grounds for immediate dismissal by the Advisor of any employee. Every employee of the Advisor is expected to be familiar with the personal trading policy and the procedures contained therein. These matters can be reviewed with the CCO at any time.

The CCO shall maintain current and accurate records of all personal securities transactions in which employees have a direct or indirect beneficial interest. The following restrictions shall apply to securities transaction(s) by employees of the Advisor and their related persons:

*Restricted Securities.* The Advisor shall maintain a restricted list of securities for which no trading by employees is allowed, e.g. because the Advisor may have material non-public information.

*Black-Out Period.* No employee will be permitted to purchase or sell a security within a specified number of days before or after clients buys or sells the same or related security. In no event may any employee execute a personal transaction in a security on any day during which there is pending for clients any order in the same security until the order is filled or withdrawn.

*Disclosure to CCO.* Each analyst or trader is required to promptly disclose to the CCO any security under active consideration for purchase or sale.

*Initial Report.* An employee shall, no later than 10 days after the employee begins its relationship with the Advisor, provide the Advisor with brokerage account statements, which are as of a date that is within 45 days of the date the employee submits them to the Advisor, and complete and submit a list of brokerage accounts.

*Quarterly Reports.* On a quarterly basis all employees shall submit to the CCO a personal securities transaction report.

*Annual Report.* Following the completion of each calendar year, employees must resubmit a list of personal brokerage accounts.

*Record-Keeping Requirements.* The CCO shall establish a form to record personal securities transactions.

## Item 12: Brokerage Practices

Colman Knight's trading activity includes placing orders on behalf of new clients whose portfolio investments are outside the scope of the Investment Policy Statement, effecting the investment strategy, re-balancing portfolios and, effecting changes that are necessitated by changing client needs or changing market conditions.

Generally, rebalancing is completed using Advyzon. Consistent with our duty to obtain "best execution" on brokerage transactions, we have a list of approved brokers who we believe provide reliable execution at competitive prices. We periodically review our selection of brokers to ensure they are providing such competitive pricing. The majority of trades are placed and cleared through Charles Schwab and Fidelity Investments. We believe that this arrangement enables CK to obtain favorable prices on its securities trades at reasonable commission rates.

As discussed below, Colman Knight may also place trades with brokers selected by a client. In such cases, Colman Knight may not necessarily be able to obtain the best price for execution as may otherwise be obtained through other broker-dealers.

The brokerage commissions and/or transaction fees charged by Fidelity, Charles Schwab, or any other designated broker-dealer are exclusive of, and in addition to, Colman Knight's fee. Factors which CK considers in recommending Fidelity, Charles Schwab, or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. Fidelity and Charles Schwab enable Colman Knight to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity and Charles Schwab may be higher or lower than those charged by other broker-dealers.

Colman Knight maintains a record of any trading errors that occur in connection with investment activities of its clients. Both gains and losses that result from a trading error made by Colman Knight will be borne or realized by Colman Knight.

Any rebates or other revenue of any kind resulting from account transactions are the property of Clients.

### Directed Brokerage

The client may direct Colman Knight in writing to use a particular broker/dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker/dealer, and Colman Knight will not seek better execution services or prices from other broker/dealers or be able to "batch" client transactions for execution through other broker/dealers with orders for other accounts managed by Colman Knight (as described below).

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 would otherwise be the case.

### Aggregation/Allocation

Transactions for each client generally will be affected independently unless Colman Knight decides to purchase or sell the same securities for several clients at approximately the same time. Colman Knight 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 Colman Knight's client's 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 generally be averaged as to price and allocated among Colman Knight's clients pro rata to the purchase and sale orders placed for each client on any given day.

To the extent that Colman Knight determines to aggregate client orders for the purchase or sale of securities, including securities in which Colman Knight's Associated Person(s) may invest, Colman Knight shall generally do so in accordance with applicable rules promulgated under the Investment Advisers Act of 1940 and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Colman Knight shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Colman Knight determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order of the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates;
- (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts.
- (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- (iv) with respect to sale allocations, allocations may be given to accounts low in cash;
- (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Colman Knight may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or
- (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

#### Services Provided by Brokerage Firms/Soft Dollars

Although not a material consideration when determining whether to recommend that a client utilize the services of Fidelity and/or Charles Schwab, Colman Knight may receive from Fidelity and/or Charles Schwab, without cost, computer software and related systems support, which allows Colman Knight to better monitor client accounts maintained at Fidelity and/or Charles Schwab. Colman Knight may receive the software and related support without cost because Colman Knight renders investment management services to clients that, in the aggregate, maintain a certain level of assets at Fidelity and/or Charles Schwab.

Specifically, Colman Knight may receive the following benefits from Fidelity through its Institutional Brokerage Group and/or Charles Schwab through Charles Schwab Advisor Services: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate share to client accounts; and access to an electronic communication network for client order entry and account information.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Colman Knight in its investment decision-making process. Such research generally will be used to service all of Colman Knight's clients, but



brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services may pose a conflict of interest.

Colman Knight may also receive, *gratis*, from brokerage firms unsolicited generic research reports on securities, markets, or other financial topics. These are customary add-ons and have no effect on our brokerage decisions. However, we do not have any 'soft dollar' arrangements, i.e., CK does not direct brokerage transactions to particular brokers in return for research or other goods and services.

### **Item 13: Review of Accounts**

For those clients to whom Colman Knight provides investment management services, account reviews are conducted on at least a semi-annual basis. For those clients to whom Colman Knight provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis but no less than annually. Such reviews are conducted by Joseph James Knight Colman, Richard K. Colman, Marc Berman and David Manteau.

These reviews are designed to monitor investment objectives and guidelines, positions, transactions, exposure, risk, and other issues related to current portfolio holdings and potential investment opportunities. The performance of each account is addressed at length with each client on a routine basis. Accordingly, clients are strongly encouraged to keep the firm abreast of any changes to their financial status which could affect the composition of their portfolio.

Colman Knight also contacts ongoing investment advisory clients at least annually to review its previous services and recommendations and to discuss the impact resulting from any changes in the client's financial situation, investment objectives, etc. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Colman Knight provides investment advisory services will also receive a report from Colman Knight that may include relevant account and market-related information, such as an inventory of account holdings and account performance, on a semi-annual basis or as otherwise requested by the client from time-to-time.

Those clients to whom Colman Knight provides financial planning services will receive reports from Colman Knight summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Colman Knight.

Again, clients are reminded to review their account statements in detail for a full understanding of the services rendered and the associated costs therein. Questions regarding such documentation may be addressed directly to the Chief Compliance Officer.

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

CK receives no compensation other than fees charged to its clients. CK has not entered into solicitation or referral agreements with individuals, financial intermediaries or others who are not supervised persons of CK.

### **Item 15: Custody**

#### *SEC "Custody"*

Except in the limited instances described below, Colman-Knight does not have custody of Clients' assets.

In the view of the SEC, investment advisers are deemed to have “custody” of client funds if they have the ability to directly debit advisory fees from client accounts. Because CK has authorization to directly debit the client’s account(s) for payment of advisory fees CK is said to exercise limited custody over client assets. CK is responsible for assuring that the account’s independent, qualified custodian will provide account statements directly to clients at least quarterly, and that the client’s statement will clearly label the advisor’s fee.

#### Custodian Account Statements

Qualified custodians that hold client assets will provide account statements directly to clients at their address of record at least quarterly. The statement will indicate all amounts disbursed from the account including the amount of management fees paid directly to Colman Knight. Clients are encouraged to carefully review the statements provided by their custodians.

#### Internal Account Statements

Clients will receive semi-annual statements prepared by CK reflecting position value, gain- loss since purchase, asset allocation and portfolio and account performance. We recommend clients review such statements carefully and ensure they reconcile to the custodian account statements.

#### Item 16: Investment Discretion

For those Client accounts where we provide Investment Management Services, Colman Knight has discretionary authority to determine the securities and the amount of securities to be bought or sold for a Client’s account without having to obtain prior Client approval for each transaction. Investment discretion is explained to Clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the Client will execute a Limited Power of Attorney, which will grant our firm discretion over the account(s). Additionally, the discretionary relationship will be outlined in the Advisory Contract and signed by the Client. Clients may limit our discretion by requesting certain restrictions on investments. However, approval of such requests are at the firm’s sole discretion.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

#### Item 17: Voting Client Securities

As a matter of firm policy and practice, CK does not have authority to and does not vote proxies on behalf of advisory clients. It has delegated that responsibility to the managers it retains to manage client assets. In addition, for those clients that hold pooled investment vehicle interests such as mutual fund shares, CK will not accept proxy voting authority or responsibility. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

#### Item 18: Financial Information

Registered Investment Advisers are required to provide certain financial information or disclosures about their financial condition.

##### *Balance Sheet*

A balance sheet is not required to be provided because the Advisor does not serve as a qualified custodian and does not require prepayment of fees of more than \$1,200 and six months or more in advance.

##### *Financial Conditions Reasonably Likely to Impair Advisory Firm’s Ability to Meet Commitments to Clients*

The Advisor does not have any financial impairment that will preclude it from meeting contractual commitments to Clients.