



**Form ADV Part 2A  
Firm Brochure**

**STUDIO Investment Management, LLC**  
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CRD #: 158489

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This brochure provides information about the qualifications and business practices of STUDIO Investment Management, LLC (referred to herein as “STUDIO” or the “Firm”). STUDIO does business as Studio Investment Management, Ganzert Investment Company, and Vezzetti Investment. If you have any questions about the contents of this brochure, please contact STUDIO at 312.399.0828 or [mwolcott@studioinvestment.com](mailto:mwolcott@studioinvestment.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any state regulatory authority.

STUDIO is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about STUDIO is also available on the SEC’s website at <http://www.adviserinfo.sec.gov/>.

## Item 2 – Material Changes

Since STUDIO Investment Management, LLC's last annual updated filed on 03/30/2022, the Firm has the following material changes to report:

- Item 10 has been updated to disclose new conflicts of interest resulting from STUDIO's acquisition of the assets of Vezzetti Capital Management, LLC. STUDIO also now does business as Vezzetti Investment.

If you have any questions about the contents of this brochure, please contact STUDIO at 312.399.0828 or [mwolcott@studioinvestment.com](mailto:mwolcott@studioinvestment.com).

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## Item 4 – Advisory Business

### Firm Description

STUDIO Investment Management, LLC (referred to herein as "STUDIO" or the "Firm") is an investment adviser, registered with the U.S. Securities and Exchange Commission, and provides discretionary investment advisory services, financial planning, and investment consulting to its clients. STUDIO does business as Studio Investment Management, Ganzert Investment Company, and Vezzetti Investment. The majority owners of the Firm are Mike Wolcott and Neha Prabhu through STUDIO Associates, LLC. STUDIO also has a passive, minority investor through STUDIO Holdings, LLC.

STUDIO was founded on four key beliefs:

- 1) A small, well-aligned client base allows for a boutique experience with a personal touch.
- 2) An investment philosophy should be built on research intensity and price sensitivity.
- 3) An investment philosophy should be executed with a calm temperament and a long-term mindset.
- 4) A sensitivity to all client costs – including STUDIO fees, custodial fees, fund expenses, trading commissions, market-impact costs, taxes, and inflation – is essential.

### Services Offered

1) STUDIO's discretionary investment advisory services are represented by relationships in which STUDIO can manage and direct the investment decisions for designated accounts, according to the client's written guidelines and restrictions. As a result, this discretionary authority includes both asset allocation (i.e., the mix of stocks, bonds, cash, and other) and security selection (i.e., the choice of particular stocks, bonds, cash, and other). Most discretionary client assets will be invested in stocks, bonds, exchange-traded funds, exchange-traded notes, options, mutual funds, money-market instruments, and cash. Client assets also will be held by an independent custodian, which should employ controls to protect client assets from misappropriation.

STUDIO may also use a platform provided by Pontera Solutions (formerly FeeX) to manage employer-sponsored retirement accounts – primarily 401(k) accounts, 403(b) accounts, 529 accounts. In most such cases, STUDIO will provide discretionary investment advisory services.

2) Clients of STUDIO's discretionary investment advisory services may request that STUDIO conduct retirement-plan analyses, education-funding analyses, or reviews of Outside Assets ("Outside Assets"; i.e., assets over which STUDIO does not have discretion, such as 401k accounts or Executive Savings Plans). Clients may request analyses and reviews of Outside Assets up to twice per year, and such analyses may be delivered either verbally or in writing.

STUDIO may also occasionally discuss topics with its discretionary investment advisory clients pertaining to taxes, insurance, or estate matters, but in such topics STUDIO insists that clients seek primary advice from accountants/tax professionals, insurance professionals, estate attorneys, or other relevant experts. STUDIO also insists that its related exchanges with clients should not be deemed sufficient and should not be deemed accounting, insurance, or legal advice, whether discussed in isolation or in relation to other investment advisory services.

3) STUDIO may offer one-time or ongoing investment consulting or financial-planning engagements. Planning components may include retirement planning, tax planning, estate planning, insurance planning, real estate analysis, education-funding analysis, and executive-compensation analysis. Consulting components may include asset-allocation review and investment-security review. Neither STUDIO, nor any affiliate nor any associated person will receive commissions from the sale of insurance or real estate, nor will it receive fees or other compensation from the sale of securities or other products or services recommended in any financial plan. The client is under no obligation to act on the recommendations of STUDIO, its affiliates, or its associated persons.

4) STUDIO may provide non-discretionary investment advisory services for a fee on a limited basis on either a portion of the assets held in an account or an entire account, with the client retaining final investment decision-making authority.

### **Tailoring Your Account to Your Objectives**

Client accounts will be managed based on the client's guidelines and restrictions, provided clients provide such guidelines and restrictions in writing to STUDIO (e.g., in Schedule B of the client's investment advisory agreement with STUDIO).

There are cases in which a client holds a particular security that the client does not want managed or monitored by STUDIO. In some of these situations, STUDIO may recommend holding the security in an account over which STUDIO has no discretion or investment authority.

In the absence of explicit written guidelines and restrictions, STUDIO encourages clients to develop conservative expectations and to consider their overall financial situations, future financial objectives, risk tolerances, time horizons, and investment objectives and constraints.

### **Wrap Fee Programs**

STUDIO does not participate in wrap fee programs. (Wrap fee programs offer services for a single, all-inclusive fee.)

### **Assets Under Management**

As of December 31, 2022, STUDIO had assets under management of \$457,865,728 on a discretionary basis. STUDIO does not currently manage any assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

### Investment Advisory Services – Fees

STUDIO's investment advisory service fee schedule is calculated based upon the client's assets under management as follows:

| <u>Account Value Tier</u>   | <u>Annual Fee Rate</u> |
|-----------------------------|------------------------|
| \$0 to \$1,000,000          | 1.25%                  |
| \$1,000,001 to \$3,000,000  | 1.00%                  |
| \$3,000,001 to \$10,000,000 | 0.75%                  |
| \$10,000,001+               | 0.50%                  |

Account Values are based on the average daily balance during the month. Average daily balances are based on the values of all securities and cash. Monthly fee rates are Annual Fee Rate divided by 12.

Certain legacy clients and their associated parties have been or will be waived into a prior fee schedule and fee-billing methodology that differs from the fee schedule and fee-billing methodology described herein; such clients should refer to their specific Investment Advisory Agreement for a complete description of the applicable fee schedule and fee-billing methodology.

While STUDIO's fees are not negotiable, STUDIO may decide in its own discretion to charge any client a fee for investment advisory services that is different from the fees set forth in the fee schedule above.

STUDIO typically requires a minimum asset level of \$1,000,000 for its investment advisory services' relationships. STUDIO, in its sole discretion, may waive the required minimum asset level. See also "Item 7: Types of Clients" below.

Lower fees for comparable services may be available from other sources.

### Investment Advisory Services – Fee Administration

Clients pay fees to STUDIO on a monthly or quarterly basis in arrears.

Fees may be paid by automatic deduction from client accounts, which requires written pre-authorization by the client to the custodian. Alternatively, fees may be paid by check. STUDIO will provide the client a statement displaying the advisory fees regardless of the payment method.

If STUDIO deducts fees directly from the client's account, the custodian will indicate the amount of the fees, at least quarterly, in a client statement. However, the client's custodian will not verify the accuracy of STUDIO's fee calculation.

### Investment Advisory Services – Custody Fees

The client may be required to pay, in addition to STUDIO's fees, underlying fees and charges assessed by the custodian, including custodial fees, brokerage fees, transfer fees, margin interest, and other transaction costs. Any custodian fee is negotiated directly between the client and the

custodian. The custodian may also receive an administrative fee from certain money-market mutual funds; if this is the case, it should be disclosed in the custodian's agreement with the client. The client bears responsibility for verifying the accuracy of these custodian fees and charges. Please refer to "Item 12: Brokerage Practices" below.

### **Investment Advisory Services – Individual-Security Fees, Expense Fees/Ratios, Rollovers**

The fees charged by STUDIO do not include fees or expenses charged by any security or fund selected for the client. For example, exchange-traded funds and mutual funds generally charge a fee for their services as a manager. This management fee is part of the total compensation received by the fund company and is included in its expense ratio. STUDIO is not paid any sales, service, or administrative fees for the sale of any securities or other products. These individual-security fees or expense ratios should be disclosed in each security's disclosure document or in each fund's prospectus. These should be available from the custodian or the SEC's website ([www.sec.gov](http://www.sec.gov)).

STUDIO may recommend the client transfer assets from an employer-sponsored retirement plan to an IRA account (i.e., a Rollover). Such a recommendation may represent a conflict of interest, since STUDIO earns investment advisory fees from IRA accounts that it manages. STUDIO's Rollover recommendations consider various factors related to the client's financial circumstances and investment guidelines and restrictions. Among other factors, STUDIO considers the following factors, to the extent possible, for both the employer's plan and an IRA account to be managed by STUDIO: 1) the range of investment options available; 2) the various fees the client will pay (to the extent available and provided), including STUDIO's investment advisory fees; 3) the levels of service available; 4) the client's expertise in self-directing investments; and 5) the tax consequences, including potential penalties that may be assessed if the client withdraws funds before permissible ages as set by the IRS, as well as the tax consequences of rolling over employer stock held in a plan. STUDIO also recommends that the client consult a tax advisor on transfers from employer-sponsored retirement plans to an IRA account.

As discussed in Item 4 above, STUDIO may use a platform provided by Pontera Solutions to provide services to certain types of client accounts – typically employer-sponsored retirement accounts. Pontera does not have trading authority and does not bill STUDIO's clients. Instead, STUDIO pays Pontera directly for access to the platform. Clients pay STUDIO for these services as explicitly agreed to in the Investment Advisory Agreement. Suitability documentation will be held with the custodian of the retirement plan and cannot be changed by STUDIO.

### **Investment Advisory Services – Client Use of Margin Borrowing**

A custodian may authorize a client's account for the use of margin borrowing (or margin). However, STUDIO does not recommend the use of margin. The client maintains sole discretion as to whether margin is used in the account.

If margin is used by the client, the market value of the account and the corresponding advisory fee payable by the client to STUDIO will be greater than without the use of margin. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin (see Item 8 for more), clients authorizing the account for margin are advised of a potential conflict of interest, since the client's decision to employ margin will correspondingly increase the advisory fee payable to STUDIO. In other words, STUDIO may have an economic disincentive to recommend that the client terminate the use of margin.

**Investment Advisory Services – Compensation for the Purchase or Sale of Securities**

STUDIO is compensated solely through advisory, planning, and consulting fees paid by clients. STUDIO is not paid any sales, service, or administrative fees for the sale of any securities or other products.

**Investment Consulting and Financial Planning – Fees**

STUDIO offers its investment-consulting or financial-planning services for a fixed fee.

Generally, an initial investment-consulting or financial-planning engagement requires at least one in-person meeting, research and analysis, and the preparation and presentation of recommendations.

The time needed to complete a particular requested service will vary depending on client's specific financial circumstances. Prior to commencing the engagement, STUDIO will provide the fixed fee to complete all the components the client has directed.

**Prepayment of Fees**

No fees are paid in advance to STUDIO.

**Item 6 – Performance-Based Fees and Side-by-Side Management**

STUDIO does not charge performance-based fees.

**Item 7 – Types of Clients**

STUDIO offers its investment advisory services to various types of clients, including individuals, high-net-worth individuals, trusts, partnerships, retirement plans, government entities, and other legal entities.

STUDIO typically requires a minimum asset level of \$1,000,000 to establish an investment advisory services relationship. STUDIO, in its sole discretion, may waive the required minimum asset level. After establishing a relationship with STUDIO, clients are not required to maintain a particular balance in their accounts.

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

STUDIO uses fundamental analysis in its investment strategies. STUDIO may utilize passive or indexed strategies as well. Generally, the Firm's investment philosophy focuses on price sensitivity (i.e., value-minded investing) with a long-term mindset.

Fundamental analysis considers the competitive position of the underlying entity, the financial health of the entity, the quality of its management or leadership, and the existing price level of the security relative to prospects for future cash flows.



Client portfolios are managed utilizing a mixture of several security types. Most of the assets will be represented by individual stocks, individual bonds, exchange-traded funds, exchange-traded notes, options, mutual funds, money-market instruments, and cash.

A variety of research sources are used, including but not limited to the following: financial newspapers and magazines, business publications, third-party research materials, SEC filings, other regulatory filings, annual reports, other company reports, and industry conferences.

Additionally, STUDIO, through its third-party financial-planning software, may use Monte Carlo simulation or other simulation in preparation of client retirement analyses or other analyses. Generally, simulation is a mathematical process that attempts to assess the probabilities of future financial-market paths and client outcomes, by using historical market results, forecasted market results, or other reasoned methods to create hundreds (or more) of forward-looking simulations. Simulations are used to help STUDIO and its clients assess client preparedness for retirement needs and other needs.

### **Risk of Loss**

There will be many periods in which the stock, bond, and other markets will generate losses (or negative returns). Clients should only invest money to the extent that they are able to bear the risk of such losses.

STUDIO uses fundamental analysis in its investment strategies. STUDIO may utilize passive or indexed strategies as well. Risks to fundamental analysis include volatility risk, market risk, competitive risk, technological risk, liquidity risk, and valuation risk. Risks to passive strategies include volatility risk, market risk, liquidity risk, valuation risk, and tracking error, which is the failure of the fund to perfectly track the underlying index.

STUDIO's investment decisions always consider both the prospects for return on investment and the risk of loss on investment. In considering the risk of loss, STUDIO generally contemplates both the probability of loss and the potential magnitude of such loss. Some of the risks of loss include volatility risk, market risk, competitive risk, technological risk, liquidity risk, inflation risk, exchange-rate risk, interest-rate risk, reinvestment risk, political risk, tax-law risk, regulatory risk, monetary-policy risk, fiscal-policy risk, and valuation risk. These and other risks should be considered as the client establishes the appropriate written guidelines and restrictions to include in Schedule A of STUDIO's Investment Advisory Agreement with the client.

A margin-borrowing (or margin) strategy (also discussed in Item 5), in which a client uses borrowed assets to purchase (or maintain investment in) financial securities, involves a high level of risk. The client generally obtains the borrowed assets by using other securities as collateral. In using margin, account gains or losses will be magnified. While the use of margin can improve investment results, it also increases the riskiness of the client's account. In other words, the use of margin increases the magnitude of losses. Under certain circumstances, the custodian may demand an increase in the collateral that secures the client's obligations; if the client were unable to provide additional collateral, the custodian could, without approval by the client or STUDIO, liquidate assets held in the account to satisfy the client's obligations. Liquidation in such manner could have an adverse effect on the account. In addition, the amount of the client's margin borrowing and the interest rates on those borrowings, which will likely fluctuate, will have a significant effect on the account's results.

STUDIO does not recommend the use of margin. The client maintains sole discretion as to whether margin is used in the account.

### **Risks of Investments Used**

Clients should be aware that there is a material risk of loss when investing. The investments listed below, as well as any other investments STUDIO may use, are not guaranteed or insured by the FDIC or any other government entity.

Equity securities generally refer to shares of publicly traded companies (i.e., stocks) that may produce dividends and capital gains or losses. Equity securities can lose substantial value. The value of equity securities may fluctuate in response to company-specific conditions, country-specific conditions, industry-specific conditions, or general stock-market and economic environments.

Fixed-income securities generally refer to debt instruments (i.e., bonds) that pay interest on a fixed schedule, though the amount of the payments and the time horizon of such payments can vary. Even the least risky fixed-income securities can lose value, and some can lose substantial value. Fixed-income securities include corporate and government debt securities, leveraged loans, high-yield debt securities, investment-grade debt, and structured products, such as mortgage and other asset-backed securities. Fixed-income securities carry significant interest-rate risk and can experience significant volatility. (As interest rates rise, bond prices usually fall, and vice versa.) Fixed-income securities also carry inflation risk, liquidity risk, call risk, currency risk (in the case of non-U.S. securities), and credit and default risks for both issuers and counterparties.

Mutual funds and closed-end funds generally refer to investments that allow money to be pooled with the funds of other investors to purchase stocks, bonds, or other securities. Mutual funds and closed-end funds can lose substantial value. Nearly all mutual funds and closed-end funds have expenses that reduce net-of-fee investment returns. Mutual funds carry the risk of rapid redemptions and forced selling. Closed-end funds carry liquidity risk.

Exchange-Traded Funds (ETFs) are traded on exchanges (like stocks). ETFs can lose substantial value. An ETF holds assets such as stocks, bonds, or commodities and is designed to keep its share price close to its net asset value, although deviations can occur. Areas of concern include lack of transparency, conflicts of interest, potentially inadequate regulatory compliance, and complexity.

Exchange Traded Notes (ETNs) are unsecured, unsubordinated debt securities issued by a bank. ETNs can lose substantial value. Like other debt securities, ETNs have a maturity date and are backed only by the credit of the issuer. ETNs are designed to provide investors access to the returns of various market benchmarks. The value of an ETN may decrease even if the underlying index is unchanged, due to changes in the outlook for the issuer's credit.

Index funds aim to replicate the movements of a specific index of securities. Index funds can lose substantial value. Index funds can be in the form of mutual funds, closed-end funds, ETFs, or ETNs. Imperfect correlation between the securities in the index fund and those in the underlying index can result in tracking error – the failure of the fund to perfectly track the underlying index. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also occurs because a portfolio incurs fees and expenses while an

underlying index does not.

Derivatives are contracts that derive their value from an underlying entity. Derivatives can lose substantial value, and it is not uncommon for them to lose all their value, and even more than all their value in some strategies. The risk of derivatives is sometimes increased using leverage (i.e., borrowing). Additionally, derivatives can generate large gains and large losses from even small movements in the underlying asset's price. Options are a type of derivative that allow a buyer the right to purchase or sell an underlying security at a given price on or before a given date. Option buying and selling can result in substantial losses.

### **Risk of Reliance on Simulations**

Simulations (discussed above) may not be representative of future financial-market results. The aggregated data presented by STUDIO to clients regarding the probabilities of success for financial-planning analyses, retirement analyses, or other analyses should not be relied upon as absolute or accurate probabilities, but instead should be viewed only as projections. Future financial-market results can be very different from the summary data points or even the outlier data points that are presented to clients in retirement analyses or other analyses. Historical market results, forecasted market results, or other reasoned projections of future financial-market results may not accurately or even reasonably resemble the market's future path or client outcome. Additionally, retirement plans and other plans require many other estimates that may differ from future results. As a result, since such future projections and estimates are uncertain, client retirement goals or other goals may not be fulfilled by following STUDIO's advice in the retirement analyses or other analyses.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to accept.**

## **Item 9 – Disciplinary Information**

STUDIO is required to disclose all material facts regarding legal or disciplinary events that would be material to a client's evaluation of the Firm. Neither STUDIO nor management persons have been involved in any legal or disciplinary events related to past or present items.

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

### **Activities and Affiliations**

Neither STUDIO nor any of its management persons are registered or have an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, or a commodity trading advisor. STUDIO nor its management persons have affiliations with other businesses or entities and receive no compensation from any other entity.

STUDIO does not select other investment advisers for its clients.

STUDIO acquired the assets of Vezzetti Capital Management, LLC on October 1, 2022. STUDIO also now does business as Vezzetti Investment. As a result of this acquisition, Michael Vezzetti

will be dually registered as an investment adviser with both Vezzetti Capital Management and Vezzetti Investment/STUDIO on a temporary basis, as he provides support and assists clients in their transitions from Vezzetti Capital Management to Vezzetti Investment/STUDIO.

Additionally, Vezzetti Investment/STUDIO may purchase fixed-income securities through the sales division of Bernardi Securities, Inc. (“Bernardi”). A son of Michael Vezzetti, an investment adviser with Vezzetti Investment/STUDIO, is employed by Bernardi in its public finance division. In his work with Bernardi, Michael Vezzetti does not interact with his son and does not discuss with his son securities that Vezzetti Investment/STUDIO may purchase or has purchased through Bernardi.

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

### **Code of Ethics**

STUDIO has adopted a Code of Ethics (the “Code”) describing our standards of business conduct and our fiduciary duty to clients. The Code provides provisions relating to the prohibition on insidertrading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. The Code also references STUDIO’s Privacy Policy, which provides provisions for the confidentiality of client information. STUDIO is committed to an annual review of its compliance program. All supervised persons of STUDIO must acknowledge the terms of the Code initially, annually, and as amended. Clients and prospective clients may request a copy of STUDIO’s Code at any time by contacting Mike Wolcott at 312.399.0828 or mwolcott@studioinvestment.com.

### **Participation/Interest in Client Transactions**

STUDIO has policies and procedures in place to ensure that the interests of its clients are given preference over those of the Firm, its affiliates, and its supervised persons. All supervised persons are subject to STUDIO’s policies and procedures, which include various reporting and disclosure requirements. Both the Firm’s Code and its policies and procedures are designed to best assure that the personal securities transactions, activities, and interests of the Firm’s employees do not interfere with decision-making that is in the best interest of clients. All employees of STUDIO must acknowledge through the Code the terms of the Firm’s policies and procedures annually or as amended.

### **Personal Trading**

STUDIO, its owners and employees, and their families, trusts, estates, charitable organizations, and retirement plans established by STUDIO or its owners or supervised persons (“Internal Accounts”) may purchase the same securities as client accounts. This has the potential to create a conflict of interest because it affords STUDIO or its related persons the opportunity to profit from the investment recommendations made to clients. STUDIO’s policies and procedures and Code address this conflict of interest by prohibiting such trading by STUDIO or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances, STUDIO will act in the best interests of its clients.

Internal Accounts are eligible for securities transactions that differ from those recommended or

effected for the Firm's clients.

STUDIO does not recommend to clients or buy or sell for clients' accounts any securities in which it or a related person has a material financial interest.

Mike Wolcott, STUDIO's Managing Principal and CCO, is responsible for reviewing and, if necessary, approving personal securities transactions according to the Firm's Code.

## Item 12 – Brokerage Practices

### Custodian and Brokerage

Client assets must be maintained at a "qualified custodian". STUDIO recommends that clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and member of Securities Investor Protection Corporation (SIPC), as the qualified custodian to hold client assets and execute trades upon receipt of instructions from the Firm. STUDIO does not have the power of attorney to select a custodian on the client's behalf and therefore does not have discretion to select the custodian for the client. As a result, clients should make their own reviews of Schwab's services and make inquiries with Schwab as appropriate. In effect, a client must choose to custody assets at Schwab to work with STUDIO.

### Recommendation of Custodians

STUDIO may consider a wide range of factors in recommending custodians for client accounts, which include the following:

- financial strength and reputation
- capability to execute trades
- capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools
- quality of services, including customer service
- competitiveness of commission rates, margin interest rates, and other fees
- availability of other products and services that benefit STUDIO, as discussed below (see "Products and Services Available from Schwab")

### Brokerage and Custody Costs

In client accounts that Schwab maintains, Schwab generally does not charge separately for custody services, but it is typically compensated by charging the client commissions or other fees on executed or settled trades. Schwab also manages its own funds, and investments in these funds involve fund expenses. Schwab's commission rates and fees applicable to client accounts are negotiated based on the condition that clients of STUDIO collectively maintain a total of at least \$10 million in assets in accounts at Schwab. This commitment benefits each client because the overall commission rates and fees each client pays are lower than they would be otherwise.

### Products and Services Available from Schwab

Schwab Advisor Services (“SAS”) is Schwab’s business serving independent investment advisory firms like STUDIO. SAS provides STUDIO and its clients with access to its institutional brokerage services — trading, custody, reporting, and related — many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help STUDIO manage or administer client accounts, while others help STUDIO manage its business. Schwab’s support services generally are available on an unsolicited basis (i.e., STUDIO does not have to request them) and at no charge to STUDIO if the Firm’s clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. Following is a more detailed description of Schwab’s support services:

*Services That Benefit Clients.* Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which STUDIO might not otherwise have access or that would require a significantly higher minimum initial investment by the Firm’s clients. Schwab’s services described in this paragraph generally benefit the client and the client’s accounts.

*Services That May Not Directly Benefit Clients.* Schwab also makes available to STUDIO other products and services that benefit the Firm but may not directly benefit the client or the client’s accounts. These products and services assist STUDIO in managing and administering its client accounts. The products and services include investment research, both Schwab’s own and that of third parties, though none of this research is dependent upon client securities transactions or associated fees or commissions. STUDIO may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available the following:

- access to client account data (such as duplicate trade confirmations and account statements)
- trade execution and allocate aggregated trade orders for multiple client accounts
- pricing and other market data
- payment of the Firm’s fees from clients’ accounts
- back-office functions, recordkeeping, and client reporting
- educational conferences and events
- consulting on technology, compliance, legal, and business needs
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants, and insurance providers

### **Interest in Schwab’s Services**

The availability of these services from Schwab benefits STUDIO because the Firm does not have to produce or purchase them so long as Firm clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon the Firm committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give STUDIO an incentive to recommend that clients maintain their accounts with Schwab, based on the Firm’s interest in receiving Schwab’s services that benefit STUDIO’s business rather than based on the client’s interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The Firm’s recommendation is primarily supported by the scope, quality, and price of Schwab’s services (see “Recommendation of Custodians”) and not Schwab’s services that benefit only STUDIO.

**Best Execution**

STUDIO will seek to obtain the most favorable execution – Best Execution (“Best Execution”) – under the prevailing circumstances when placing client orders. The Firm recognizes that the analysis of execution quality involves several factors, both qualitative and quantitative. These factors may include but are not limited to the following:

- financial strength and reputation
- execution capabilities
- operational capabilities
- efficiency of error resolution
- block trading capabilities
- commissions and fees
- accuracy of statements
- electronic capabilities
- research tools
- conflicts of interest

**Soft-Dollar Arrangements**

STUDIO does not have any arrangement or commitment to utilize research, research-related products, or other services obtained from broker-dealers, or third parties, on a soft-dollar-commission basis.

**Brokerage for Client Referrals**

STUDIO does not direct brokerage commissions in exchange for the referral of advisory clients.

**Directed Brokerage**

STUDIO does not accept clients’ instructions for directing their brokerage transactions to a particular broker-dealer.

**Order Aggregation**

Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched or batched or combined) to achieve a better price or achieve other efficiencies. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. All clients participating in each aggregated order will receive the average price and a pro rata allocation of transacted shares. Trades conducted through the custodian will be subject to the commission rate negotiated directly between the custodian and the client. In cases in which STUDIO is responsible for allocating commissions to client accounts, such client accounts will pay a pro rata portion of any aggregated commissions, subject to any minimum per-trade charges.

**Item 13 – Review of Accounts****Reviews**

STUDIO’s investment advisors review client portfolios at least quarterly to confirm they are consistent with the client’s investment objectives and risk profile. More frequent reviews may occur when STUDIO has new information or perspective on a client’s financial circumstances or a



particular security, asset class, or other portfolio item.

STUDIO's investment advisors conduct reviews at least annually of clients' written investment guidelines and restrictions to confirm they are consistent with client portfolios.

STUDIO will contact each client at least annually to attempt to update contact information, investment guidelines and restrictions, risk tolerance, or other factors that may affect the client's overall financial position.

### **Reports**

STUDIO provides quarterly reports to advisory clients regarding the accounts that the firm manages, including the following: beginning-of-period market value, end-of-period market value, and performance data.

The client's independent custodian also provides regular written account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by STUDIO.

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

STUDIO engages independent solicitors to provide client referrals. If a client is referred to STUDIO by a solicitor, this practice is disclosed to the client in writing by the solicitor, and STUDIO pays the solicitor out of its own funds. Specifically, STUDIO pays the solicitor a portion of the fees earned for advising the referred client. The use of solicitors is strictly regulated under applicable federal and state law. STUDIO fully complies with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.

STUDIO may receive client referrals from Zoe Financial, Inc ("Zoe") through its participation in the Zoe Advisor Network (ZAN). Zoe is independent of and unaffiliated with STUDIO, and there is no employee relationship between the two companies. Zoe established the ZAN as a means of referring individuals and other investors seeking fiduciary investment advisory services or financial-planning services to independent investment advisors. Zoe does not supervise STUDIO and has no responsibility for STUDIO's management of client portfolios or STUDIO's other advice or services. STUDIO pays Zoe an on-going fee for each successful client referral. The fee paid to Zoe by STUDIO is a portion of the fee that the client pays to STUDIO. Clients referred to STUDIO through the ZAN will not be charged fees greater than STUDIO's standard fee schedule. For information regarding additional or other fees paid directly or indirectly to Zoe, please refer to the Zoe Financial Disclosure and Acknowledgement Form, provided to the client by Zoe.

Please see Item 12 for a discussion on benefits received from Schwab Advisor Services™.

## **Item 15 – Custody**

Client securities and other funds are held with a qualified custodian, and clients choose which custodians will custody their assets. STUDIO does not maintain physical custody of client funds or securities. All client assets are held at qualified custodians which provide account statements on



at least a quarterly basis.

STUDIO has the authority to deduct fees directly from some client accounts. STUDIO will provide clients a quarterly statement containing account balances and holdings, and the custodian will provide clients with its own statement at least quarterly; STUDIO recommends that clients compare the two statements for consistency and notify the Firm if any statement is not received promptly or if any inconsistencies exist. Statements may be provided in electronic form.

STUDIO also has the authority to transfer money from some client accounts, which constitutes standing authority (also known as a standing letter of authorization, or SLOA). The authority to disburse money to a third-party on a client's behalf pursuant to a SLOA constitutes custody. The SEC has provided seven conditions which, if satisfied, relieve STUDIO of the custody rule's annual surprise-examination requirement. Accordingly, STUDIO will follow the safeguards and conditions specified by the SEC, rather than undergo an annual independent verification (i.e., a surprise accountant's examination).

### **Item 16 – Investment Discretion**

Under STUDIO's investment advisory agreement, which advisory clients must execute, clients grant a limited power of attorney to the Firm with respect to trading activity in their accounts. In these cases, STUDIO will exercise full discretion as to the nature and type of securities to be purchased and sold and the number of securities for such transactions, without preapproval by the client. Investment guidelines and restrictions may be designated by the client as outlined in the investment advisory agreement.

### **Item 17 – Voting Client Securities**

STUDIO does not exercise authority with respect to voting proxies on behalf of the Firm's clients. In no event will STUDIO exercise authority with respect to voting proxies on behalf of its clients. Custodians have a responsibility to deliver proxy materials to clients on a timely basis, according to their direct agreements with clients.

### **Item 18 – Financial Information**

Registered investment advisers are required to provide certain financial information or disclosures about their firms. STUDIO has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

STUDIO does not take physical custody of client funds or securities, and the Firm does not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, STUDIO is not required to include a financial statement with this brochure.