

# **Altrius Capital Management, Inc.**

**1323 Commerce Drive  
New Bern, North Carolina 28562**

**Telephone: 252-638-7598**

**Facsimile: 252-635-6739**

**[www.altrius-capital.com](http://www.altrius-capital.com)**

**March 26, 2024**

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Altrius Capital Management, Inc. If you have any questions about the contents of this brochure, contact us at (252) 638-7598. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Altrius Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Altrius Capital Management, Inc. is 121529.

Altrius Capital Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure ("Brochure"), the adviser is required to notify you and provide you with a description of the material changes.

Since the last annual updating amendment to Altrius Capital Management, Inc.'s Form ADV filed on March 30, 2023, there have been no material changes made to this Brochure.

## Item 3 Table of Contents

Item 2 Summary of Material Changes .....	1
Item 3 Table of Contents .....	2
Item 4 Advisory Business .....	3
Item 5 Fees and Compensation .....	6
Item 6 Performance-Based Fees and Side-By-Side Management.....	8
Item 7 Types of Clients .....	8
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 Disciplinary Information .....	11
Item 10 Other Financial Industry Activities and Affiliations .....	11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12 Brokerage Practices .....	16
Item 13 Review of Accounts .....	18
Item 14 Client Referrals and Other Compensation .....	18
Item 15 Custody .....	19
Item 16 Investment Discretion .....	20
Item 17 Voting Client Securities .....	20
Item 18 Financial Information .....	21
Item 19 Requirements for State Registered Investment Advisers .....	21
Item 20 Additional Information.....	21

## Item 4 Advisory Business

Altrius Capital Management, Inc. ("Altrius") is an SEC-registered investment adviser based in New Bern, North Carolina. Our firm was founded in 1997 and is organized as a Subchapter S-corporation under the laws of the State of North Carolina. We have been providing investment advisory services since 2004. James M. Russo is our principal owner. We have been delivering global balanced investment management services to a broad range of clientele for more than a decade and seek to provide diversified investment management services utilizing our fundamentally based, value oriented, and risk managed investment management process. With an economics underpinning and a value-based philosophy, our investment management process is focused on finding the best solutions for investors across markets in an effort to deliver risk managed out performance over the short and long term.

As used in this Brochure, the words "we", "our" and "us" refer to Altrius and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Investment Management Services

We provide discretionary investment management services in accordance with your individual investment objectives. In the event you decide to engage our firm to provide investment management services (which may include certain financial planning and/or consulting services), you will be required to enter into a written agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the fees to be paid.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. This authorization includes deciding which securities to buy and sell, when to buy and sell, and in what amounts, in accordance with your investment program, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, and/or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Account supervision is guided by your stated objectives (balanced, conservative balanced, and equity tilted balanced). We will assist you with identifying your investment objectives by assessing your risk tolerance based upon your age, income, need for cash flows, investment goals, and emotional tolerance for volatility. Strategies are then developed and implemented through an optimal combination of investments. When constructing portfolios, we will determine how to allocate funds across different assets classes and securities. Refer to the *Other Financial Industry Activities and Affiliations* section below for disclosures on investments in our affiliated mutual fund(s).

We will also provide you with reports, at least quarterly, that generally include relevant account and/or market-related information such as an inventory and appraisal of account holdings, and investment performance. We may provide additional reports at your request. We encourage you to reconcile our reports with those received from the qualified custodian. If you find your holdings differ between these two statements, call our main office number located on the cover page of this Brochure.

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm if your financial situation, goals, objectives, or needs change or if you wish to impose or change any reasonable restrictions on our management of your account(s).

### Financial Planning

Financial planning defined services will typically involve providing a variety of services, principally advisory in

nature, to you regarding the management of your financial resources based upon an analysis of your individual needs. At the inception of the client relationship, we will establish your objectives by collecting data and reviewing your financial information and circumstances. Once such information has been reviewed and analyzed, written reports designed to achieve your stated financial goals and objectives will be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets and liabilities in meeting your financial goals and objectives. Financial plans may incorporate recommendations with respect to cash flow, assets and liabilities, asset allocation, insurance analysis, education funding, retirement planning, estate planning, tax strategies, asset protection, real estate, charitable giving, equity compensation, and small business planning. Additionally, financial planning services include periodic reviews and assistance to you in implementing the plan as mutually agreed upon. Financial plans are based on your financial situation at the time the plan is presented and are based on the financial information disclosed by you. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify us promptly. Financial planning is offered through an ongoing relationship, or, in narrowly defined circumstances, a limited scope defined service relationship.

### **Advisory Consulting Services**

Some clients may need general consulting services on specific securities and non-securities related investments. Such services may include some modular financial planning functions, or more general advice. We do not offer legal or tax counsel. At your request, we will provide professional references in these and associated areas.

Consulting services may include, but are not limited to, risk assessment/management, education funding, or financial decision making/negotiation. Through this limited engagement, you agree to hold our firm and our Associated Persons harmless from any liability arising out of any area(s) that we were not expressly contracted to review and/or analyze. Fees and fee-paying arrangements for general consulting services are negotiated on a case-by-case basis. In the event you decide to engage our firm for advisory consulting services, you will be required to enter into a written engagement letter with us describing the scope of the services to be provided and the fees to be paid.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, and/or education services to plan participants regarding risk tolerance and investment choices.

### **Advisory Services to Retirement Plans**

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Security Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, potential conflicts of interest, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan and related compensation are described below in Item 5, and in the service agreement that you have previously signed with our firm. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. Nonetheless, if we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting as a fiduciary of the Plan as defined in Section 3(21) under ERISA, only. In all cases, our status as a fiduciary under ERISA is clearly disclosed in the agreement you previously signed. If there is any discrepancy between the disclosures in this paragraph and the agreement, the agreement shall govern.

For purposes of complying with the U.S Department of Labor's ("DOL") Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, Altrius acts a fiduciary within the meaning of Title I of ERISA and/or the Internal Revenue Code ("IRC"), as applicable, in providing investment advice to a client regarding a client's retirement plan account or individual retirement account. The way Altrius makes money creates some conflicts with client interests, so Altrius operates under a special rule that requires Altrius to act in the client's best interest and not put our interests ahead of the client's interests.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put Altrius' financial interests ahead of the client's when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in the client's best interest;
- Charge no more than is reasonable for Altrius' services; and
- Give the client basic information about conflicts of interest.

Altrius benefits financially from the rollover of client assets from a retirement account to an account that Altrius manages or provides investment advice, because the assets increase Altrius' assets under management and, in turn, Altrius' advisory fees. As a fiduciary, Altrius only recommends a rollover when we believe it is in the client's best interest.

At the opening of a rollover IRA account, Altrius shall conduct a fiduciary review of the client's current retirement plan account to consider if the rollover is in the client's best interest. Considerations shall include fees and expenses, available services, investment options, RMD deferral options, penalty-free withdrawal, and loan provisions.

### **Sub-Advisory Services Offered to Other Registered Investment Advisers**

We may act as a sub-adviser to other registered investment advisers (the "Principal Adviser") who wish to engage us to manage all, or a portion of, their clients' portfolios. Both our firm and the Principal Adviser may be granted dual trading authority. Under certain arrangements, we will have discretionary authority over a portion of the assets to buy and sell based on the client's individual needs. Typically, the Principal Adviser will have discretionary trading authority over the client's account and will be responsible for supervising the management of the account. Accordingly, the Principal Adviser will monitor the investment management activity conducted on behalf of the account by our firm. Fees will be deducted from the account(s) held at an unaffiliated, qualified custodian. Our firm and the Principal Adviser will share in the fee collected. This fee sharing arrangement does not increase the client's advisory fee.

Currently, Altrius serves as sub-adviser to Altrius Global Dividend ETF (the "Fund"). From time to time, Altrius may recommend to clients who do not meet the minimum to participate in a managed discretionary relationship, that they invest in the fund. This presents a conflict of interest as Altrius receives a fee for providing sub-advisory services to the fund. Clients are provided with this disclosure when presented with the recommendation.

## **Types of Investments**

Accounts are normally managed using individual common stocks and bonds, exchange traded funds (“ETFs”), master limited partnerships and real estate investment trusts on an asset allocation basis. Additionally, we may recommend other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **Assets Under Management**

As of February 29, 2024, we provide continuous management services on \$571,008,074 in discretionary assets and \$15,511,085 in non-discretionary assets where we may make recommendations and have the authority to make purchases or sales.

## **Item 5 Fees and Compensation**

### **Investment Management Services**

Our fee for investment management services is based on a percentage of your assets we manage and is set forth in the following annual fee schedule:

<b>Account Asset Value</b>	<b>Fees (Annualized)</b>
First \$500,000	1.40%
Next \$500,000	1.00%
Over \$1 million	0.80%

In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., the amount of work involved, amount of assets placed under our management, attention required in managing the account, etc.). For this fee, clients will receive asset allocation advice, money management, financial planning and custodial services. However, clients are made aware that transaction charges for trades made are paid in addition to the annual management fee.

Our portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. For the initial quarter of investment management services, the first quarter's fees will be calculated on a pro-rata basis, which means the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

You may make additions to and withdrawals from your account at any time, subject to our right to terminate your account. You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will provide you with a quarterly performance report that contains a summary of fees and how they were calculated. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account

statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate our portfolio management agreement by submitting 30 days' written notice to our firm, which is effective upon our receipt. You will incur a pro-rata charge for services rendered prior to the termination of our portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the calendar quarter for which you were a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a pro-rated refund of those fees.

### **Advisory Consulting Services**

Fees and fee-paying arrangements for general consulting services are negotiated on a case-by-case basis. In the event you decide to engage our firm for advisory consulting services, you will be required to enter into a written engagement letter with us describing the scope of the services to be provided and the fees to be paid.

You may terminate our advisory consulting services agreement by submitting 30 days' written notice to our firm, which is effective upon our receipt. You will incur a pro-rata charge for services rendered prior to the date of termination. If you have pre-paid advisory fees that we have not yet earned, you will receive a pro-rated refund of those fees.

### **Advisory Services to Retirement Plans**

Fees and fee-paying arrangements for retirement plan services are negotiated on a case-by-case basis. Where we provide continuous asset management services, our fees and fee-paying arrangements are based on the tiered fee schedule and other information disclosed above at *Investment Management Services*. With respect to our *Pension Consulting Services*, we charge an annual fee of 0.5% of the value of the plan.

The agreed upon services, relevant fees, and fee-paying arrangements will be disclosed in the executed service agreement.

You may terminate our retirement plan services agreement by submitting written notice to our firm, which is effective upon our receipt. You will incur a pro-rata charge for services rendered prior to the termination of our retirement plan services agreement, which means you will incur advisory fees only in proportion to the number of days in the calendar quarter for which you were a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a pro-rated refund of those fees.

### **Sub-Advisory Services Offered to Other Registered Investment Advisers**

We are paid a percentage of assets under management by the Principal Advisers. Fees and fee-paying arrangements are negotiated on a case-by-case basis.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and ETFs. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or ETFs (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, ETFs, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this Brochure.

We may trade client accounts on margin. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. This could



create a conflict of interest where we may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved. You are encouraged to contact our firm at the telephone number on the cover page of this Brochure to discuss any questions you may have regarding your account statement.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, investment companies, separately managed accounts, and other business entities. In general, we require a minimum of \$500,000 in investible liquid assets to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management, or where a smaller account is tied to a larger client relationship. We may also combine accounts for you and your minor children, joint accounts with your spouse, and other types of related accounts.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

The use of margin transactions is not a fundamental part of our overall investment strategy, but we may use this strategy upon client request.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Your account custodian, and our portfolio performance management and accounting software, will default to the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax adviser to determine if this accounting method is the right choice for you. If your tax adviser believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Research Processes**

In providing advisory services, research is conducted internally utilizing information obtained from a wide variety of sources and all professional staff members actively participate in the company's research effort. Increasingly, the internet and new databases provide a wealth of ideas and information to enhance our research. The priority is for analysts to build up their knowledge and insights on an industry or company and to exploit the vast wealth of information that is increasingly available.

Industry research is used to supplement the company's own research efforts. Our analysts research investments on a continuous basis. Primary resources used by our analysts and portfolio managers include Thomson Reuters and Morningstar.

### **Performance Advertising**

We advertise our past performance and claim compliance with the Global Investment Performance Standards ("GIPS®").

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the Advisory Business section above, client accounts are normally managed using individual common stocks and bonds. For clients without sufficient asset size to invest, we may selectively utilize ETF's. With a value perspective, and an emphasis on dividends, our international and U.S. equity individual security exposure is typically all-cap in nature.

Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and the overall health of the economy. In general, larger, better-established companies ("large cap") tend to be safer than

smaller start-up companies (small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities.

ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

### **Investments in Real Estate Investment Trust (REIT)**

Investment in REITs will subject the client to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.

### **Investments in Master Limited Partnership ("MLP") Units**

An investment in MLP units involves some risks which differ from an investment in the common stock of a corporation. Holders of MLP units generally have limited control and voting rights on matters affecting the partnership. The value of the client's investment in MLPs depends largely on the MLPs being treated as partnerships for U.S. federal income tax purposes. If an MLP does not meet current legal requirements to maintain partnership status, or if it is unable to do so because of tax law changes, it would be taxed as a corporation and there could be a material decrease in the value of its securities.

### **Cybersecurity**

The firm has adopted a cybersecurity policy, comprised of the firm's policies, procedures, and obligations to protect the firm, its clients, and any reasonably foreseeable third parties from cybersecurity incident(s).

### **Policy**

The cybersecurity policy seeks to: (i) identify the firm's cybersecurity risks to network components, assets, data and capabilities; (ii) develop necessary policies and procedures to limit or contain the impacts of potential cybersecurity incidents; (iii) develop and implement policies and procedures to identify the occurrence of cybersecurity incidents; (iv) identify and implement appropriate activities to combat detected cybersecurity incidents; and (v) develop and implement appropriate procedures for restoring any capabilities or services impaired as a result of a cybersecurity incident.

The Chief Technical Officer is primarily responsible for: (i) implementing the cybersecurity policy according to its terms and conditions; (ii) educating firm management, employees, and IT vendors with respect to the objectives and requirements of the cybersecurity policy and answering any questions that such individuals may have; and (iii) monitoring and modifying the cybersecurity policy as may be appropriate to address or strengthen the cybersecurity policy and the firm's systems in an effort to further protect the firm's clients and mitigate the risk and effects of a cybersecurity incident.

For a full copy of our cybersecurity policy, please contact the CCO at (252) 638-7598.

## **Item 9 Disciplinary Information**

Altrius has been registered and providing investment advisory services since 2004 and James M. Russo, our Managing Member, has been engaged in the financial services industry since 1997. Neither our firm nor any of our Associated Persons have been subject to any disciplinary action.

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

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. Other investment adviser or financial planner.
4. Futures commission merchant, commodity pool operator, or commodity trading advisor.
5. Banking or thrift institution.
6. Accountant or accounting firm.
7. Lawyer or law firm.
8. Insurance company or agency.
9. Pension consultant.
10. Real estate broker or dealer.
11. Sponsor or syndicator of limited partnerships.

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

### **Code of Ethics**

Altrius is committed to the highest standards of ethical conduct and has adopted a Code of Ethics (the "Code") to address employee conduct. This Code includes Altrius' policies and procedures developed to protect clients' interests and outlines ethical conduct in the following key areas:

1. Ethical Behavior and Legal Compliance
2. Conflicts of Interest
3. Business Practices
4. Trading Policies
5. Compliance and Reporting

## **Ethical Behavior and Legal Compliance**

Altrius is a fiduciary for its investment advisory clients. Because of this fiduciary relationship, it is generally improper for the firm or its employees to:

1. Use for their own benefit (or the benefit of anyone other than the client) information about the firm's trading or recommendations for client accounts; or
2. Take advantage of investment opportunities that would otherwise be available for the firm's clients.

Also, as a matter of business policy, Altrius wants to avoid even the appearance that the firm, its employees, or others receive any improper benefit from information about client trading or accounts or from our relationships with our clients or with the brokerage community. Altrius expects all employees to comply with the spirit of the Code, as well as the specific rules contained in the Code.

Altrius treats violations of this Code (including violations of the spirit of the Code) very seriously. The firm may take disciplinary action if a violation occurs, including without limitation, imposing penalties or fines, reducing compensation, demotion, requiring unwinding of the trade, requiring disgorgement of trading gains, suspending or terminating employment, or any combination of the foregoing.

## **Personal Trading Policies**

The following policies and procedures apply to all accounts owned or controlled by an Access Person, and any Covered Account. An Access Person is defined as an employee of the Adviser who is not an Exempt Person. At present, all employees of the Adviser are deemed Access Persons. Any account in question should be addressed with the CCO immediately to determine if it is considered a Covered Account.

Improper trading activity can constitute a violation of the Code. Nevertheless, the Code can be violated by failing to file required reports, or by making inaccurate or misleading reports or statements concerning trading activity or securities accounts. Individual conduct can violate the Code even if no clients are harmed by such conduct.

Access Person's purchasing shares of any Fund advised or sub-advised by Altrius are subject to a minimum holding period. Currently, Altrius serves as sub-adviser to Altrius Global Dividend ETF (the "Fund"). To deter market timing, Access Persons are required to hold any advised or sub-advised Funds they purchase for a period of 90 days. This restriction applies to accounts for which Access Persons have a direct or indirect beneficial interest, including household members.

Access Persons are prohibited from executing a transaction on behalf of themselves or another Access Person within seven days of the Fund or any Client having a pending buy or sell order in the same or an equivalent security and until such time as that order is executed or withdrawn.

Individual securities within a Client or Fund portfolio may not be available seven days prior to execution ("7-Day Rule"). In this case, the Access Person is free to submit the trade for pre-clearance or execute the trade if it is exempt from pre-clearance per the terms below. Nevertheless, a personal trade by any Access Person shall not prevent a portfolio from trading in the same or an equivalent security on behalf of the Fund or Clients. However, such a transaction shall be subject to independent review by the CCO.

Access Persons and household members are prohibited from selling short any security which is owned in the Fund.

## **Insider Trading Policy**

The purpose of these policies and procedures (the "Insider Trading Policies") is to educate our Associated Persons regarding insider trading, and to detect and prevent insider trading by any person associated with the firm. The term "insider trading" is not defined in the securities laws, but generally, it refers to the use of material, non-public information to trade in securities or the communication of material, non-public information to others.

1. All Associated Persons of Altrius, including contract, temporary, or part-time personnel, or any other person associated with the firm are prohibited from the following activities trading or recommending trading in securities for any account (personal or client) while in possession of material, non-public information about the issuer of the securities; and
2. Communicating material, non-public information about the issuer of any securities to any other person; and communicating information known to be false to others (including but not limited to clients, prospective clients and Associated Persons) with the intention of manipulating financial markets for personal gain.

The activities described above are not only violations of these Insider Trading Policies, but also may be violations of applicable law.

Any Associated Person who possesses or believes that she/he may possess material, non-public information about any issuer of securities must report the matter immediately to the CCO. The CCO will review the matter and provide further instructions regarding appropriate handling of the information to thereporting individual.

*Material Information.* “Material information” generally includes:

1. Any information that a reasonable investor would likely consider important in making his or her investment decision; or
2. Any information that is reasonably certain to have a substantial effect on the price of a company's securities.

Examples of material information include the following: dividend changes, earnings estimates, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems and extraordinary management developments.

*Non-Public Information.* Information is “non-public” until it has been effectively communicated to the market and the market has had time to “absorb” the information. For example, information found in a report filed with the Securities and Exchange Commission (“SEC”), or appearing in Dow Jones, Reuters Economic Services, The Wall Street Journal, or other publications of general circulation would be considered public.

*Insider Trading.* While the law concerning “insider trading” is not static, it generally prohibits: (1) trading by an insider while in possession of material, non-public information; (2) trading by non-insiders while in possession of material, non-public information, where the information was either disclosed to the non-insider in violation of an insider's duty to keep it confidential or was misappropriated; and (3) communicating material, non-public information to others.

The concept of “insider” is broad and includes all Associated Persons of a company. In addition, any person may be a temporary insider if she/he enters into a special, confidential relationship with a company in the conduct of a company's affairs and as a result has access to information solely for the company's purposes. Any person associated with the adviser may become a temporary insider for a company it advises or for which it performs other services. Temporary insiders may also include the following: a company's attorneys, accountants, consultants, bank lending officers and the Associated Persons of such organizations.

The legal consequences for trading on or communicating material, non-public information are severe, both for individuals involved in such unlawful conduct and their employers. A person can be subject to some or all of the penalties below even if he/she does not personally benefit from the violation.

Penalties may include:

1. Civil injunctions;

2. Jail sentences;
3. Revocation of applicable securities-related registrations and licenses; and
4. Fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited; and fines for the Associated Person or other controlling person of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided.

In addition, the firm's management will impose serious sanctions on any person who violates the Insider Trading Policies. These sanctions may include suspension or dismissal of the person or persons involved.

### **Review and Recordkeeping Requirements**

The CCO shall review personal trading reports for all Access Persons no less than quarterly and will otherwise take reasonable steps to monitor compliance with and enforce this Code of Ethics. Evidence of the reviews shall be maintained in Altrius' files. Another qualified individual will review the CCO's personal securities trading reports.

Altrius reserves the right to require the Access Person to reverse, cancel, or freeze, at the Access Person's expense, any transaction or position in a specific security if Altrius believes the transaction or position violates its policies or appears improper. Altrius will keep all such information confidential except as required to enforce this policy or to participate in any investigation concerning violations of applicable law.

If Altrius discovers any trading activity that appears to be in violation of this policy, the CCO, and/or other senior representatives of the firm, will meet with the Access Person to review the findings and to discuss additional pertinent information related to the situation. Where necessary, one or more of the following remedial actions may be taken:

1. Written warning that will be made a permanent part of the Access Person's record;
2. Disgorgement of profits; and/or
3. Monetary fine; and/or termination of employment.

All Access Persons must file three reports ("Reporting Forms") as described below, even if there are no holdings, transactions, or accounts to list in the reports. Copies of the Reporting Forms are included at the end of the Code or can be obtained from the CCO. The firm may rely on brokerage statements to the extent such statements are made accessible to the CCO.

### **Initial Holdings Reports**

No later than 10 calendar days after an Associated Person becomes an Access Person (or within 10 days of the adoption of this Code if the Associated Person was already an Access Person at the time of its adoption), that Access Person must file an Initial Holdings Report with the CCO.

The Initial Holdings Report requires that each Access Person list all Reportable Securities on the date the Associated Person became an Access Person. It also requires each Access Person to list all brokers, dealers, and banks holding any Covered Account in which any securities are held on the date the Associated Person became an Access Person (or on the date this Code was adopted if the Associated Person was already an Access Person on such date).

Each Access Person must notify the CCO of any updates or changes to his or her Covered Accounts in which any securities are held within 10 days of such update or change. All information contained in the Initial Personal Securities Holdings Report must be current as of the date no more than 45 days prior to the date the report is submitted.

### **Quarterly Transaction Reports**

No later than 30 calendar days after the end of March, June, September, and December, each year, each Access Person must file a Quarterly Transaction Report with the CCO.

The Quarterly Report of Personal Securities Transactions requires each Access Person to list all transactions in Reportable Securities during the most recent calendar quarter in which the Access Person had beneficial ownership. This requirement may be satisfied by instructing the custodian for these accounts to send duplicate confirmations and brokerage account statements for the Covered Accounts, in which such transactions took place, to Altrius, c/o the CCO, provided all required information is included in the report and Altrius receives the confirmations or statements not later than 30 days after the close of the calendar quarter in which the transaction(s) took place.

Alternatively, Access Persons may submit this information on the Quarterly Report of Personal Securities Transactions form provided by Altrius.

### **Annual Holdings Reports**

By January 30 of each year, each Access Person must file an Annual Holdings Report with the CCO.

The Annual Personal Securities Holdings Report form requires the Access Person to list all Reportable Securities in Covered Accounts in which any securities are held, and in which the Access Person had beneficial ownership as of December 31 of the previous year. It also requires the Access Person to list all brokers, dealers, and banks holding any accounts in which any securities are held, and in which such person had direct or indirect Beneficial Ownership on December 31 of the previous year. This requirement may be satisfied by instructing the custodian for these accounts to send duplicate confirmations and brokerage account statements for the Covered Accounts to Altrius, c/o the CCO, provided all required information is included in the report. Alternatively, Access Persons may submit this information on the Annual Personal Securities Holdings Report form provided by Altrius. All information contained in the holding report must be current as of the date no more than 45 days prior to the date the report is submitted.

### **Restricted Transactions**

The following transactions are restricted to Access Persons:

1. Access Persons may not acquire any beneficial ownership in any security in an initial public offering without first seeking written approval from the CCO.
2. Purchases and sales of restricted securities issued by public companies are generally prohibited, unless the CCO determines that the contemplated transaction will raise no actual, potential, or apparent conflict of interest.
3. Any Access Person wishing to purchase or sell a security obtained through a private placement, including purchase of any interest in a hedge fund, must first seek written approval by the CCO. In addition, if an Associated Person who owns a security in a private company knows that the company is about to engage in an IPO, he or she must disclose this information to the CCO.
4. Participation in Investment Clubs must be approved in writing by the CCO in advance of any such participation.

### **Pre-Clearance**

As noted above, transactions in private placements, initial public offerings and restricted securities are prohibited, unless pre-clearance is obtained, in advance of the transaction. Pre-clearance is obtained by first completing and signing the Personal Securities Trading Request Form. The Personal Trade Request Form is then submitted to the CCO for pre-clearance.

If pre-clearance is obtained, the approval is valid for the day on which it is granted and the immediately following business day. The CCO may revoke a pre-clearance any time after it is granted and before the transaction is executed.

Altrius does not require pre-clearance of all Associated Persons' personal securities transactions. If, however, the CCO, or designee, determines an exception/red flag based on regular reviews of an Associated Person's



personal securities transactions, the CCO may require a specific Associated Person to obtain, in advance of future transactions, pre-clearance for all such transactions. In all such cases, the CCO shall determine beginning and ending dates for the pre-clearance requirement.

The CCO will explain to the Associated Person why pre-clearance is required and have the Associated Person sign an acknowledgement of understanding and acceptance. Records of the noted exceptions/red flags, remedial actions, and all related securities transactions will be maintained in the firm's files.

### **Timing of Personal Transactions**

If Altrius is purchasing/selling or considering for purchase/sale any Reportable Security on behalf of a client account, no Access Person may affect a transaction in that Reportable Security prior to the client purchase/sale having been completed by the firm, or until a decision has been made not to purchase/sell the Reportable Security on behalf of the client account and in accordance with the firm's pre clearance and blackout policy, if any.

Additionally, all trades will be placed by the firm's trade order management software by authorized traders. Altrius trades using "average price" to ensure no client or Associated Person receives preferential treatment as to the timing or price of a trade.

### **Case-by-Case Exemptions**

Because no written policy can provide for every possible contingency, the CCO may consider granting additional exemptions from the prohibitions on trading on a case-by-case basis. Any request for such consideration must be submitted by the Access Person in writing to the CCO. Exceptions will only be granted in those cases in which the CCO determines that granting the request will create no actual, potential, or apparent conflict of interest.

### **Compliance and Reporting Procedures**

Employees must comply with the Code and take prompt action to report actual or suspected violations to the Code. Employees may not engage in conduct to circumvent the Code (e.g., by asking family members to accept gifts on your behalf that you would be prohibited from accepting under the Code).

### **Reporting Violations**

All Associated Persons are required to report any violation of the Code, by any person, to the CCO or other appropriate persons of the firm immediately. Such reports will be held in confidence.

### **Code of Ethics Certification**

Upon the firm's adoption of this Code and annually thereafter, all Associated Persons (including "Temporary Access Persons" such as interns and any third-party vendors or contractors) are required to certify in writing his or her receipt, understanding and continuing acceptance of, as well as agreement to abide by, the guidelines and policies set forth herein. Additionally, any change or modification to the Code will be distributed to all Associated Persons and they will be required to certify in writing their receipt, understanding, and acceptance of the change(s).

**A full copy of Altrius Capital Management's Code of Ethics is available upon request to the CCO at (252) 638-7598.**

## **Item 12 Brokerage Practices**

We recommend that securities be purchased through the facilities of Charles Schwab Institutional, a division of Charles Schwab, Inc. ("Charles Schwab"), member FINRA/SIPC. We participate in the Charles Schwab Institutional Customer Program for advisers ("Institutional Program"). Charles Schwab is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. Charles Schwab offers independent

investment advisers services that include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from Charles Schwab through our participation in these programs. In addition to the benefits disclosed below, we may receive benefits such as assistance with conferences and educational meetings from product sponsors. Refer to *Item 14 Client Referrals and Other Compensation* for additional disclosures on this topic.

In suggesting a broker-dealer we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. However, it may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as the firm recommends. In recognition of the value of research services and additional brokerage products and services Charles Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Refer to *Item 14 Client Referrals and Other Compensation* for additional disclosures on this topic.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. We do not obligate ourselves to seek the lowest transaction charges in all cases except to the extent that it contributes to the overall goal of obtaining the best results for your account. While we endeavor at all times to put your interest first as part of our fiduciary duty, you should be aware that the receipt of additional benefits themselves creates a potential conflict of interest.

We may also use other executing brokers for the purchase and/or sale of bonds when suitable. We do not receive any benefits from these executing brokers.

### **Directed Brokerage**

Except where we provide advisory services to certain 401(k) plans, or act as sub-advisor on an SMA platform, we require you to direct our firm to execute transactions through Charles Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

Transactions for each client may be affected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## Item 13 Review of Accounts

### Investment Management Services

We monitor client portfolios as part of an ongoing process while regular account reviews are conducted periodically. You are encouraged to discuss your needs, goals, and objectives with our firm, and to keep us informed of any changes in this information. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to, contributions and withdrawals, year-end taxplanning, market moving events, changes in your financial situation, and/or, changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

You will receive transaction confirmation notices and regular summary account statements, at least quarterly, directly from your account custodian. We will also provide you with reports, at least quarterly, that generally include relevant account and/or market-related information such as an inventory and appraisal of account holdings, and investment performance. We *may* provide additional reports at your request. Refer to the *Brokerage Practices* section above for additional information on this topic.

We encourage you to reconcile our reports with those received from the qualified custodian. If you find your holdings differ between these two statements, call our main office number located on the cover page of this Brochure.

## Item 14 Client Referrals and Other Compensation

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (“Solicitors”) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Brochure along with the Solicitor’s disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires.

Alternatively, the Solicitor may receive a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. This creates a conflict of interest because the Solicitor has a financial incentive to recommend our firm to you for advisory services. However, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Altrius previously received client referrals from TD Ameritrade through participation in TD Ameritrade Advisor Direct (the “referral program”). Before its purchase by Charles Schwab, TD Ameritrade was a discount broker-dealer independent of, and unaffiliated with our firm; we do not have an employee or agency relationship between them or Charles Schwab. TD Ameritrade established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. Neither TD Ameritrade nor Charles Schwab supervises our firm and has no responsibility for our management of your portfolios or our other advice or services.

We no longer participate in TD Ameritrade’s nor Charles Schwab’s referral programs; however, Charles Schwab continues to receive an on-going fee for clients which were referred to Altrius. This fee was usually a percentage (not to exceed 25%) of the advisory fee that referred clients pay our firm (“Solicitation Fee”). Charles Schwab also receives the Solicitation Fee on any advisory fees received by our firm from any of a

previously referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and who hired our firm on the recommendation of such referred client. We did not charge clients referred through Advisor Direct any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees on to referred clients.

As disclosed above under Item 12 Brokerage Practices, we participate in Charles Schwab's Institutional Customer Program ("Institutional Program"), and we may recommend Charles Schwab to clients for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to Charles Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third-party vendors. Charles Schwab may also have paid for business consulting and professional services received by our Associated Persons. Some of the products and services made available by Charles Schwab through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at Charles Schwab. Other services made available by Charles Schwab are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our Associated Persons through participation in the program do not depend on the amount of brokerage transactions directed to Charles Schwab. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our Associated Persons in and of themselves creates a potential conflict of interest and may indirectly influence our choice of Charles Schwab for custody and brokerage services.

## Item 15 Custody

Altrius does not maintain custody of client assets. On February 21, 2017, the SEC issued further clarification and guidance regarding the Custody Rule, which includes seven conditions that must be met to avoid the Rule's surprise examination requirement. The firm's custodian Charles Schwab has implemented procedures to assist in complying with the new guidance.

- Associated Persons of the firm will not be able to change the address of record, primary phone number or e-mail address for client accounts.
- Charles Schwab will only permit internal journals of like titled accounts. All other internal transfers or third-party money movement requests must be authorized in writing by client in the form of a signed Letter of Authorization.
- Charles Schwab will no longer accept verbal like-titled wire requests from advisers. Wire requests must be authorized in writing by client in the form of a signed Letter of Authorization.
- The firm does not keep Standing Letters of Authorization for any clients and requires written instructions in the form of a signed Letter of Authorization at the time of a third-party money movement request.

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and

securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

To the extent you receive invoices from our firm you should compare our invoices with the statements from your account custodian(s) to reconcile the information reflected in each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, contact our firm at (252) 638-7598.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section above for more information on our discretionary management services.

Altrius' non-discretionary assets are not billed a fee, but Altrius can transact buys and sells at the client's direction. In most of these cases, Altrius has a signed advisory agreement with the client and manages most of the assets with discretion. Since the non-discretionary assets are held outside of Altrius, they are not billed or traded against our Investment Policy Statement model. Other assets that are considered non-discretionary are those for which beneficiary accounts are opened. These remain non-discretionary until they are rolled out or the beneficiary elects to become a client.

## **Item 17 Voting Client Securities**

Generally, we do not vote proxies on behalf of your advisory accounts. However, in limited circumstances, and in our sole discretion, we may agree to vote proxies on your behalf.

Where we vote proxies, we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations. Moreover, except in the case of a conflict of interest as described below, we do not accept direction from you on voting a particular proxy.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- Require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- Take custody of client funds or securities, or
- Have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Item 19 Requirements for State Registered Investment Advisers

Our firm is a federally registered investment adviser; therefore, we are not required to respond to this section.

## Item 20 Additional Information

### Your Privacy

Altrius considers the preservation of your privacy a priority. In order to provide you with individualized service, we collect certain non-public personal information about you from information you provide on applications and other forms (such as your address and social security number), and information about your transactions with us (such as purchases, sales and account balances). We may also collect such information through your account inquiries by mail or telephone.

We do not disclose any non-public personal information about you to anyone, except as permitted by law. Specifically, so that we may continue to tailor our products and services to meet your investing needs and to effect transactions you request or authorize, we may disclose the information we collect, as described above, to companies that perform administrative or marketing services on our behalf, including financial service providers such as custodians, and administrative and marketing service providers such as printers and mailers. These companies will use this information only for the services for which we hired them and are not permitted to use or share this information for any other purpose.

An SEC rule requires that we provide to those issuers whose stock we are holding for your accounts, upon request, your name, address, and the number of shares held, unless you object to such disclosure. We will not disclose this information to issuers unless you advise us in writing that you wish to have this information disclosed. To do so, please send a letter to Altrius Capital Management, Inc., Attention: Compliance Department, 1323 Commerce Drive, New Bern, NC 28562. Since it is not possible to disclose this information to some issuers and not to others, if you choose to have this information disclosed it will be available to all issuers.

In order to further protect you, we also maintain strict internal security measures. We restrict access to your personal and account information to those employees who need to know that information to service your account. We also maintain physical, electronic and procedural safeguards to protect your non-public personal information.

If you have any questions regarding our policy or need additional copies of this notice, contact the CCO at (252) 638-7598.

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may

include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Security Claims Class Action Litigation**

Altrius has engaged a third-party service provider, Chicago Clearing Corporation (“CCC”), to monitor and file securities claims class action litigation paperwork with claims administrators on behalf of the firm’s clients. When a claim is settled and payments are awarded to Altrius clients, it may be necessary to share client information, such as name and account number, with CCC in connection with this service.

Altrius does not receive any fees or remuneration in connection with this service nor does it receive any fees from the third-party provider(s). CCC earns a fee based on a flat percentage of all claims it collects on behalf of Altrius’ clients. This fee is collected and retained by CCC out of the claims paid by the claim administrator. Clients may opt out of this service at any time. If a client opts out, Altrius does not have an obligation to advise or take any action on behalf of a client with regard to class action litigation involving investments held in or formerly held in a client’s account.

### **Class Action Claims**

In November of 2018, we began providing class action litigation monitoring and securities claim filing services through CCC. You are included in this service unless you choose to opt out. You may change your opt-out election at any time by notifying us in writing. If you participate in this service, CCC will retain 15% of each claim recovery you receive. We have the right to change the provider of this service. If we do, we will notify you and send you another opt-out election form.

### **Social Media**

Altrius and its employees may use social networking sites, such as LinkedIn, or similar sites, for advertising purposes subject to the following conditions:

1. The use of any social networking site for the purpose of advertising the firm’s advisory services or soliciting advisory clients must first be pre-approved by the CCO. Evidence of the CCO’s approval shall be evidenced in writing.
2. No social networking site may be used for the purpose of advertising the firm’s advisory services or soliciting advisory clients unless administered by the firm. Altrius shall maintain a list of all employees who have administrative access to the account.
3. All content posted on social networking sites is considered “Advertising” as defined herein and is therefore subject to all requirements and restrictions set forth in the compliance manual.
4. All content posted shall be pre-approved by the CCO. Evidence of the CCO’s approval shall be documented as part of the firm’s books and records.
5. References to the firm’s performance or clients’ performance or level of satisfaction are prohibited.
6. References to specific recommendations are prohibited. Any testimonial or recommendation to use the firm’s advisory services is prohibited. References to contacts as “fans” or any other term which would imply an endorsement of the firm’s advisory services are also prohibited.
7. Employees may not make reference to the firm’s advisory services on their personal sites. The CCO will take steps to ensure personal social networking is not being used for business use. The CCO shall review all content posted by the firm as well as content posted by others on the firm’s “page” to ensure the content is consistent with the firm’s advertising policies and procedures.

### **Business Continuity Plan**

As part of its fiduciary duty to its clients and as a matter of best business practices, Altrius has adopted policies and procedures for disaster recovery and for continuing business in the event of an emergency or a disaster (i.e., the “Business Continuity and Disaster Recovery Plan” or “Plan”). These policies are designed to continue providing services to clients in as short a period of time as possible. Altrius’ policies, under separate cover, are, to the extent practicable, designed to address those specific types of disasters that Altrius might reasonably face given its business and location. If you have any questions regarding our policy, please contact the CCO at (252) 638-7598.