



*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Altium Wealth Management, LLC (hereinafter “Altium” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, Altium is required to discuss any material changes that have been made to the brochure since the last annual amendment dated March 30, 2020. The Firm has updated Item 5 to reflect its strategy-specific fees which apply where the Firm directly manages client assets within specific strategies, rather than delegating active management of these specific strategies to one or more Independent Managers (as defined herein). The Firm has updated Item 10 to reflect it is no longer affiliated with another investment adviser. Finally, the Firm has updated Item 18 to discuss its participation in programming under the Coronavirus Aid, Relief, and Economic Security Act. The Firm has no other changes to disclose in relation to this Item.

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## Item 4. Advisory Business

Altium knows that its clients are individuals with unique circumstances, goals and requirements. As such, the Firm seeks to take into account the full spectrum of personal desires and create an advisory program that is uniquely designed for each client. The Firm's approach to wealth management begins with an in-depth review, where an Altium representative listens intently to get a clear understanding of a client's true goals. Balanced by Altium's proprietary process, our financial professionals seek to provide clients with expert advice, strong fundamental values and guiding economic principles that empower a client to make educated decisions. Ultimately, the Firm's goal is to help clients grow, protect and utilize wealth in a manner that is in line with the client's objectives.

Altium offers a variety of advisory services, which include financial planning, consulting, administrative Fixed Income functions, family offices and investment management services. Prior to Altium rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Altium setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

Altium has been registered as an investment adviser since August 2010 and is principally owned by Anthony J. DeStefano, Mitchell S. Brill, James J. Dowling Jr., James L. Giangrande, Todd Levy, Jeffrey Perlmutter, and Scott Tasch. As of February 12, 2021, Altium had \$2,133,798,228 of assets under management, all of which was managed on a discretionary basis.

While this brochure generally describes the business of Altium, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Altium's behalf and is subject to the Firm's supervision or control.

### Financial Planning and Consulting Services

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Altium offers clients a broad range of financial planning and consulting services, which include any or all of the following functions, depending on the client engagement:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Fixed Income Support Services
- Retirement Planning
- Risk Management
- Charitable Giving
- Insurance Planning
- Family Governance

Altium offers such financial planning and consulting services on a one-time project basis as well as on an ongoing basis. While each of these services may be available on a stand-alone basis, generally these services will be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Altium is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Altium recommends clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Altium or its Supervised Persons or affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Altium under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Altium's recommendations and/or services.

### **Investment and Wealth Management Services**

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Altium provides clients with wealth management services which may include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios. Altium primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Independent Managers"), all in accordance with a client's stated investment objectives. In addition, Altium also recommends that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds).

Altium provides, in-house, custom equity and fixed income asset management and tax optimization solutions. Equity strategies are delivered through a broad range of direct index models. Direct index models provide tax efficiency and allow for a high degree of customization. Additionally, Direct Indexes are low-cost alternatives to actively managed models and mutual funds, as well as cost-competitive alternatives to ETFs. Customization options include security, sector and ESG (environmental, social and governance) screens. Fixed Income strategies include custom taxable and tax-free debt portfolios. Tax optimization solutions include tax sensitive portfolio transitions, ongoing tax loss harvesting and gains deferral."

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios, however, clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients may engage Altium to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified

tuition plans (i.e., 529 plans). In these situations, Altium directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Altium tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Altium consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints, tax objectives and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Altium if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Altium determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

While these services will vary based on the individual need of the client, they typically include:

- *Account Planning Meeting* – Initial meeting to discuss the financial goals of the client, financial circumstances of the client, tolerance for risk, assets to be managed, and custodian recommendations.
- *Establishing an Investment Policy Statement* – Altium, in connection with the client, may develop a statement that summarizes the client's investment goals and objectives along with the broad strategy or strategies to be employed to meet the objectives.
- *Asset Allocation* – Altium will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each client.
- *Portfolio Construction* – Altium will develop a portfolio for the client that is intended to meet the stated goals and objectives of the client.
- *Investment Management and Supervision* – Altium will provide investment management and ongoing oversight of the portfolio and overall financial plan.
- *Relationship Management* – Each client is assigned an investment adviser representative. Client meetings (in-person or teleconference based on client preference) to review goals, circumstances and current portfolio allocations shall be at a frequency agreed upon by the client and the firm, not less than annually. Further, clients are encouraged to notify Altium if their financial circumstances change.
- *Reporting and Communications* – Altium provides reports from time to time that focus on current market investment topics, trends and a market outlook.

- *Account Aggregation* – Altium delivers a robust financial aggregation software tool that provides clients with a holistic view of their financial world.
- *Financial Planning Services* – Altium provides comprehensive financial planning services and target consulting services based on the unique needs of each Client.
- *Team Approach and Support* – In addition to each Client’s relationship manager, the Client has access to Altium’s staff, its Principals and the Chief Compliance Officer for questions regarding their account.

### **Retirement Plan Consulting Services**

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Altium provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Altium as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Altium’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

### **Use of Independent Managers**

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As mentioned above, where appropriate, Altium selects certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Altium evaluates a variety of information about Independent Managers, which may include the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. Altium also takes into consideration each Independent

Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Altium continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Altium seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Client Referral Services**

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Altium acts as a solicitor to third-party registered investment advisers ("Third-Party Advisers") by referring potential new clients ("Referred Parties") for compensation to such advisers for advisory services. The Firm does not recommend (either initially or ongoing) the Third-Party Advisers as a fiduciary, but merely facilitates the introduction to the Third-Party Advisers. Referred Parties must determine whether to retain the Third-Party Adviser. A conflict of interest exists as a result of such referral arrangement because Altium receives compensation from the Third-Party Advisers and such, has an incentive to recommend such Third-party Advisers to the Referred Parties.

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

Altium offers services on a fee basis, which include fixed and/or hourly fees, as well as fees based upon assets under management or advisement depending on the client engagement.

### **Financial Planning and Consulting Fees**

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Altium generally charges a fixed and/or hourly fee for providing financial planning and consulting services under a stand-alone engagement and administrative support. For one-time project-based financial planning and consulting services, these fees are negotiable, but generally range from \$5,000 to \$25,000 on a fixed fee basis and/or from \$150 to \$750 on an hourly basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. For ongoing financial planning and consulting services, the fees are also negotiated but generally range from \$2,000 to \$25,000 per year, depending on, among other things, the complexity of the work to be performed and the professional rendering the financial planning or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Altium generally collects the fees (estimated hourly or fixed) payable upon execution of the Advisory Agreement or completion of the agreed upon services.

### Investment Management Fees

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Altium offers investment management services for an annual fee based on the fair market value of assets under management. This annual fee includes a base investment management fee (“Base Advisory Fee”), as well as potentially one or more strategy-specific management fee(s) which vary according to the particular investment strategy being employed by Altium (“Strategy Fees”).

The Base Advisory Fee is generally based on the following blended fee schedule:

<u>PORTFOLIO VALUE</u>	<u>BASE ADVISORY FEE</u>
First \$1,000,000	1.25%
Next \$4,000,000	0.75%
Next \$5,000,000	0.50%
Above \$10,000,000	0.25%

The Strategy Fees are 0.20%. For clarity, the Strategy Fees are charged in addition to the Base Advisory Fee where Altium directly manages client assets within specific strategies, rather than delegating active management of these specific strategies to one or more Independent Managers. Where the Firm delegates active management to Independent Managers, clients will incur additional fees associated with the Independent Managers, as set forth below.

Base Advisory Fee and Strategy Fees may vary from the standard schedule(s) due to particular circumstances of the client or as otherwise negotiated. In addition, for certain clients, Altium’s Base Advisory Fee is a negotiated fixed percentage of the market value of the assets being managed. Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Altium may negotiate a fee rate that differs from the range set forth above.

The annual fee is prorated and charged monthly or quarterly, in advance or arrears, based upon either (1) the market value of the assets being managed by Altium on the last day of the previous billing period or (2) the average daily market value of the assets being managed by Altium during the last billing period. Where fees are charged in advance, if assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Altium for additional services for compensation, including rolling over retirement accounts or moving other assets

to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

### **Retirement Plan Consulting Fees**

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Altium generally charges a fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered. In those situations where Altium has agreed to manage a plan's assets, the Firm may also charge an annual asset-based fee depending upon the amount of assets to be managed.

### **Fee Discretion**

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Altium may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to Altium, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, platform fees, reporting charges, margin costs, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Clients generally provide Altium and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Altium. Alternatively, clients may elect to have Altium send a separate invoice for direct payment.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to Altium's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to Altium, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Altium consults with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax implications.

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

Altium does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

### **Item 7. Types of Clients**

Altium offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Value**

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As a condition for starting and maintaining an investment management relationship, Altium generally imposes a minimum portfolio value of \$1,000,000. Altium may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. Altium only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Altium may aggregate the portfolios of family members to meet the minimum portfolio size.

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

## Methods of Analysis

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Altium, in conjunction with the client, develops an Investment Policy Statement (“IPS”) that depicts a clear understanding of the client’s tolerance for risk, tax management, time horizon, target asset allocation, liquidity and any other specific constraints.

Altium uses efficient portfolio analytics or concepts to create core asset allocations. Altium develops models using qualitative inputs that include historical asset class correlation, index return data, and forward looking capital market assumptions. Algorithms are then used to determine the optimal asset allocation.

A scorecard is used to screen for investment vehicles and confirm that the investment choices suit the client and support the allocation. Altium looks closely at fees, performance, risk, and manager experience, turnover and style drift. Investments are evaluated quantitatively using Sharpe ratio, Sortino ratio, standard deviation, and upside/downside capture rates. The results are analyzed over a minimum time frame of one, three, and five years and measured against specific benchmarks as well as a defined peer group.

## Investment Strategies

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Altium’s investment management approach couples long-term strategic asset allocation methodology with behavioral economics to maximize our client’s probability of success. Altium believes that strategic shifts should be made to our portfolios based on 10 to 15 year forward looking capital market assumptions, which account for the current phase of the business cycle. These shifts are made in the context of Altium’s risk management process and with a goal of limiting turnover. Shorter term changes to target allocations can also be made based on client specific needs or for portfolio rebalancing. Altium’s Investment Committee (IC) manages asset allocation decisions and is responsible for the implementation and execution of client investments. The IC conducts due diligence on investment options available to clients. Altium uses a proprietary scorecard to rate and monitor the universe of mutual funds, ETFs, and investment managers.

Altium believes that active management and oversight should be part of an asset allocation strategy. A long-term strategy should not simply be a passive strategy. Therefore, Altium utilizes a suite of technology solutions to provide daily portfolio optimization, which includes smart rebalancing, custom rules based trading and robust tax optimization techniques

## Investment Risks

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### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly.

### *Volatility Risk*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Equity-Related Securities and Instruments*

The Firm invests client assets in securities and equity-related instruments. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

Altium may select certain Independent Managers of traditional and alternative asset classes to manage a portion of its clients' assets. In these situations, Altium continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their stated investment strategies. In addition, Altium generally may not have the ability to supervise the Independent Managers on a day-to-day basis. The client assets that are managed by the third party manager are maintained in the client's name on their custodial platform. Client assets are not transferred to the third party manager.

#### *Use of Private Investment Vehicles*

The Firm may recommend that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

*Debt Securities (Bonds)*

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk. Certain additional risk factors relating to debt securities include:

- *Reinvestment Risk* – When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.
- *Inflation Risk* – Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.
- *Interest Rate and Market Risk* – Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.
- *Call Risk* – Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond to a risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.
- *Credit Risk* – If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.
- *Liquidity and Valuation Risk* – There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on

fundamental analysis, may decrease the value and/or liquidity of debt securities. It may be possible to reduce the risks described above through diversification of the Client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that we will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated. Bond rating agencies may assign modifiers (such as +/-) to ratings categories to signify the relative position of a credit within the rating category. Unless we state otherwise, Clients should include any security within that category without considering the modifier when reading their investment policies based on ratings categories.

### *Municipal Bonds*

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk. Investing in municipal bonds carries risk unique to these types of bonds, which may include:

- *Legislative Risk* – Legislative risk includes the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.
- *Tax-Bracket Changes* – Municipal bonds generate tax-free income, and therefore pay lower interest rates than taxable bonds. Investors who anticipate a significant drop in their marginal income-tax rate may benefit from the higher yield available from taxable bonds.
- *Liquidity Risk* – The risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Municipal bonds may be less liquid than other bonds.

## **Item 9. Disciplinary Information**

Altium has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

### Affiliation with Insurance Agency

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Certain of Altium's Supervised Persons, in their individual capacities, are also insurance agents with Altium Planning LLC ("Altium Planning"), an affiliated insurance firm, and in such capacity, may recommend, on a fully-disclosed commissionable basis the insurance and business planning services of Altium Planning. A conflict of interest exists to the extent that Altium recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. Nonetheless, the Firm only recommends insurance products to clients when doing so is in the client's best interest.

### Loan from Insurance Company

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Additionally, Charter Oak Insurance and Financial Services Co. ("Charter Oak"), a general agency of Massachusetts Mutual Life Insurance has issued a start-up loan to certain Supervised Persons of Altium Planning. The loans will be forgivable if such Supervised Persons generate a sufficient amount of insurance business for Charter Oak. A conflict of interest exists because the loan, as well as its forgivable nature, creates an incentive for Altium and such Supervised Persons to recommend the insurance products and services offered by Charter Oak. Nonetheless, the Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## Item 11. Code of Ethics

Altium has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Altium's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Altium's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact

on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients may contact Altium to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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Altium generally recommends that clients utilize the brokerage and custodial services of Schwab Advisor Services™ (“Schwab”) and TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”).

Factors which Altium considers in recommending Schwab, TD Ameritrade, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab and TD Ameritrade enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab and TD Ameritrade may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Altium's clients comply with the Firm's duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Altium determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the

lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Altium seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Altium in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Altium does not have to produce or pay for the products or services.

Altium periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Products and Services Made Available Through Schwab**

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Schwab provides Altium and its clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab's retail customers. In addition, Schwab also makes available various support services, which are provided by either Schwab directly or another third-party vendor. Schwab may discount or waive its fees for some of these services or pay all or a part of a third party's fees. Some of these services help Altium manage or administer its clients' accounts, while others help the Firm manage and grow its business. Schwab's support services are generally available on an unsolicited basis and at no charge to Altium as long as the Firm maintains at least \$10 million of client assets in Schwab accounts. Nonetheless, a conflict of interest exists as the continuing receipt of these benefits for no charge (as long as Altium maintains the requisite amount of client assets at Schwab) creates an incentive for Altium to recommend Schwab's services to its clients. The benefits is not provided in connection with securities transactions of clients (i.e., not "soft dollars").

The specific support services provided by Schwab are as follows:

##### *Services that Benefit the Client*

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 Altium might not otherwise have access or that would require a significantly higher minimum initial investment.

#### *Services that May Not Directly Benefit the Client*

Schwab also makes available other products and services that benefit Altium but may not directly benefit clients or client accounts. These products and services, such as investment research, assist the Firm in managing and administering client accounts. Altium may use this research to service all or a portion of its clients' accounts, including those not maintained at Schwab. In addition to investment research, Schwab may also make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and accounts statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of advisory fees from client accounts; and
- Assist with back office functions, record-keeping and client reporting.

Clients should be aware, however, that the receipt of economic benefits by Altium or its related persons in and of itself creates a conflict of interest as such benefits create an incentive for Altium to choose Schwab for custody and brokerage services.

#### **Products and Services Made Available through TD Ameritrade**

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Altium participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Altium receives some benefits from TD Ameritrade through its participation in the Program. There is no direct link between Altium's participation in the program and the investment advice it gives to its clients, although Altium receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. The benefits are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). 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 investment advisers; 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 Altium by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Firm's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit Altium but may not benefit its client accounts. These products or services may assist Altium in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Altium manage and further develop its business enterprise. The benefits received by Altium or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Altium endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Altium or its related persons in and of itself creates a conflict of interest as such benefits create an incentive for Altium to choose TD Ameritrade for custody and brokerage services.

### **Brokerage for Client Referrals**

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Altium does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct Altium in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Altium (as described above). As a result, the client may pay higher transaction costs (e.g., brokerage commissions or spreads) or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Altium may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client generally will be effected independently, unless Altium decides to purchase or sell the same securities for several clients at approximately the same time. Altium may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Altium's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Altium's

Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Altium does not receive any additional compensation or remuneration as a result of the aggregation.

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

## **Item 13. Review of Accounts**

### **Account Reviews**

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Altium monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Altium and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are domiciled. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Altium and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account

holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Altium or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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Altium compensates multiple third parties for client referrals. In the event a client is introduced to Altium by either an unaffiliated or an affiliated solicitor, the Firm typically pays that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Altium's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Altium's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Altium is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Specifically, the Firm may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, the Firm may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with the Firm and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect 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. TD Ameritrade does not supervise the Firm and has no responsibility for the Firm's management of client portfolios or the Firm's other advice or services. The Firm pays TD Ameritrade an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. The Firm will also pay TD Ameritrade the Solicitation Fee on any assets received by the Firm from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired the Firm on the recommendation of such referred client. The Firm will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

The Firm's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, the Firm may have an incentive to recommend to clients that the assets under management by the Firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, the Firm has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's The Firm's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Other Compensation**

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The Firm receives economic benefits from Schwab and TD. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## **Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Altium and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Firm also has custody of client assets by virtue of it or one of its related persons serving as trustee for one or more client accounts. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Altium. Additionally, with respect to accounts over which the Firm or one of its related persons serves as trustee, the Firm obtains an annual surprise examination of the funds and securities required by the custody rules. In addition, as discussed in Item 13, Altium may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Altium.

## **Item 16. Investment Discretion**

Altium is given the authority to exercise discretion on behalf of clients. Altium is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Altium is given this authority through the agreement between Altium

and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Altium takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

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

Unless otherwise indicated in a client's advisory Agreement, Altium does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are domiciled and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

### **Item 18. Financial Information**

Altium is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Altium determined that it met the requirements to participate in the Paycheck Protection Program ("PPP") under the CARES Act and received a PPP loan. Altium is using the loan proceeds to support payroll for staff, including staff who perform advisory functions, and make other permissible payments, such as rent and utilities. The loan is forgivable provided the firm satisfies the terms of the loan program.