



## Form ADV Part 2A: Firm Brochure

*This brochure provides information about the qualifications and business practices of Shelter Rock Management, LLC. 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 the Adviser is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

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## **Item 2-Material Changes**

### **Annual Update**

This section identifies and discusses material changes we made to Shelter Rock Management's Brochure since our last updating amendment on February 15, 2024.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 516-605-2215 or by email at [sean@shelterrockmanagement.com](mailto:sean@shelterrockmanagement.com).

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## **Item 4-Advisory Business**

### **Firm Description**

Shelter Rock Management, LLC hereinafter (“the Adviser”) was founded in 2006. Sean Chaitman is the principal owner and 100% stockholder.

The Adviser provides personalized confidential investment management to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses.

The Adviser is a fee-only investment management firm. The firm does not sell securities on a commission basis. The firm is not affiliated with entities that sell financial products or securities.

The Adviser does not act as a custodian of client assets. The client always maintains asset control.

Any conflicts of interest arising out of the Adviser or its associated persons are disclosed in this brochure.

### **Types of Advisory Services**

Shelter Rock Management, LLC (“the Adviser”) provides investment advisory services to its clients on a discretionary and non-discretionary basis. As part of the investment advisory service, the Adviser reviews many aspects of the client’s financial affairs including investment time horizon, financial objectives, and risk profile. The Adviser works with clients to set realistic and measurable goals and to define objectives to reach those goals. As goals and objectives change over time, the Adviser will make recommendations and implement an action plan on an ongoing basis. The Adviser periodically reviews a client’s financial situation and portfolio through regular contact with the client.

The advisory services include, among other things, providing advice regarding asset allocation and the selection and monitoring of investments including mutual funds, indices, fixed income, and individual equities. A client's relationship may include a blend of services listed below and is guided by the stated objectives of the client.

### **Strategic Income**

The Strategic Income Strategy is a fixed-income managed account strategy that is primarily invested in a diversified portfolio of short to intermediate-term individual bonds. The strategy seeks to provide current income while seeking to preserve capital.

### **Conservative Allocation**

The Conservative Allocation Strategy is primarily invested in in short to intermediate-term individual bonds and will have up to 40% of its portfolio in high quality US large-cap stocks. The strategy seeks to generate current income and capital appreciation while seeking to preserve capital.

### **Equity Income**

The Equity Income Strategy will invest up to 75% of its portfolio in high quality US large-cap stocks and the remainder primarily in US short to intermediate-term individual bonds. The strategy seeks to generate growth and income while preserving capital over a wide variety of market cycles.

### **Select Equity**

The Select Equity Strategy is an equity managed account strategy that primarily invests in high quality US large-cap stocks. The strategy seeks to generate growth and income and preserve capital over a wide variety of market cycles.

### **Customized Accounts**

Shelter Rock manages customized conservative, moderate and aggressive strategies that contain mutual funds, individual stocks, individual bonds, ETFs and MLPs. Mutual funds and ETFs/Indices for clients will be selected on the basis of any or all of the following criteria: the fund's performance history under the current manager(s); the industry sector(s) and geographic exposure of the fund's investments; the Advisers' assessment of the level of risk being taken in order to achieve returns; the fund's investment objectives; the fund's management style and philosophy; the fund's management fee structure; the fund's tax efficiency and the level of assets in the fund. The Adviser will also attempt to select mutual funds and indices with the goal of appropriately diversifying clients based on individual risk tolerance, investment objectives, and investment horizon. Individual stocks will generally be selected in companies believed to be undervalued based on free cash flow metrics. The manager will select individual bonds by carefully balancing expected returns versus credit and interest rate risks.

### **Retirement Plans**

When Shelter Rock provides investment advice to you regarding your retirement plan account or individual retirement account, Shelter Rock and its investment adviser representatives are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Shelter Rock makes money creates some conflicts with your interests, so Shelter Rock operates under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

### **401K**

Shelter Rock provides 401K services to corporate clients. This includes helping companies evaluate 401K plan administrators, creating and monitoring mutual fund menus available to participants, constructing investment models for conservative through aggressive risk tolerances and providing retirement, asset allocation, and investment guidance.

***Retirement Plan Rollover Recommendations***

A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (1) leave the money in his/her former employer's plan, if permitted, (2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (3) roll over to an Individual Retirement Account ("IRA"), or (4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

If Shelter Rock recommends you roll over your account from a current retirement plan to an individual retirement account ("Rollover IRA") managed by Shelter Rock, please know that Shelter Rock and its investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to a Rollover IRA which is a conflict of interest. Shelter Rock can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to a Rollover IRA managed by Shelter Rock and earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to a Rollover IRA managed by Shelter Rock.

Shelter Rock has taken steps to manage this conflict of interest including adopting an impartial conduct standard whereby our investment adviser representatives will (1) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (2) not recommend investments which result in Shelter Rock receiving unreasonable compensation related to the rollover of funds from the retirement plan to a Rollover IRA, and (3) fully disclose compensation received by Shelter Rock and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to a Rollover IRA and (4) refrain from making any materially misleading statements regarding such rollover.

Our investment adviser representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Shelter Rock or our affiliated personnel.

**Investment Advisory Agreement**

The Adviser describes to clients the scope of work to be provided and fee for advisory services in writing prior to the start of the relationship (Investment Advisory Agreement).

An advisory client will have a period of five (5) business days from the date of signing the Investment Advisory Agreement to unconditionally rescind the agreement. Thereafter, either party may terminate the investment advisory agreement within 7 days' written notice. If an advisory relationship with Shelter Rock Management is terminated prior to December 31, the management fee will be prorated for 7 days after written notification is

received to terminate the relationship and the management fee will be assessed based on the final accounts value 7 days after written notification is received.

Agreements may not be assigned without client consent.

**Wrap Fee Programs**

The Adviser does not sponsor or participate in Wrap Fee Programs.

**Client Assets under Management**

As of December 31, 2022, the Adviser managed approximately \$173,048,385 in assets for 272 clients with \$129,844,401 managed on a discretionary basis and \$43,203,984 on a non-discretionary basis.

**Item 5-Fees and Compensation**

The Adviser bases its fees on a percentage of assets under management.

The Adviser will bill clients for all fees. Management fees will be deducted directly from the client’s accounts unless the client requests to manually pay fees. All management fees are paid quarterly in arrears. Fees are payable on the first day of the calendar quarter. Fees are based on the account’s asset value as of the last business day of the prior calendar quarter. Fees for corporate 401(K) clients are based on the average of the plan’s assets for the most recent quarter. Fees for 401(K) clients may also be based on the plan asset value as of the last business day of the quarter if it is required by the 401(k) provider selected by the corporate client. The fees for the first quarter under management will be prorated.

All services have a \$250,000 minimum except for Strategic Income which has a \$1 million minimum. The Adviser may waive these minimum service levels at its discretion. Shelter Rock Management’s managed account fee schedule is outlined below:

INVESTMENT STRATEGY					
	Strategic Income	Conservative Allocation	Equity Income	Select Equity	Custom Accounts
<b>Minimum Investment</b>	\$1,000,000	\$250,000	\$250,000	\$250,000	\$250,000
<b>Management Fees</b>					
Total Client HH Assets up to \$500,000	1.00%	1.25%	1.50%	1.50%	1.50%
Total Client HH Assets up to \$1M	1.00%	1.25%	1.25%	1.25%	1.25%
Total Client HH Assets over \$1M	1.00%	1.00%	1.25%	1.25%	1.25%
Total Client HH Assets over \$2M	1.00%	1.00%	1.00%	1.00%	1.00%
Total Client HH Assets over \$5M	0.85%	0.85%	0.85%	0.85%	0.85%



These breakpoints exclude household assets managed in variable annuity accounts. The annualized management fee for managing variable annuity mutual fund portfolio accounts on a discretionary basis is 0.5%.

Shelter Rock’s corporate 401(k) plan fee schedule is outlined below.

Corporate 401(k) Plan Asset Size	401(k) Fee
Up to \$500,000	1.00%
Up to \$1,000,000	0.75%
Up to \$5,000,000	0.60%
Over \$5,000,000	0.50%

In certain instances, Shelter Rock’s management fees may be negotiable.

**Fee Billing**

As mentioned above investment management fees are billed quarterly, in arrears, meaning that Shelter Rock invoices clients after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are deducted from the client account to facilitate billing as authorized by the client.

**Other Fees**

There are several other fees that can be associated with holding and investing in securities. In addition to the advisory fees paid to Shelter Rock, 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 may include securities brokerage commissions, transaction fees, custodial fees, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (i.e., fund management fees, 12b-1 fees, and other fund expenses), deferred sales charges, wire transfer, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Management fees charged by Shelter Rock are separate and distinct from the fees and expenses charged by the third parties in connection with the securities that are recommended to you.

Shelter Rock will consider the internal fees and expenses associated with each share class when selecting mutual funds that have multiple share classes for recommendation to clients, and it is Shelter Rock policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. For a complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. Shelter Rock can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

**Item 6-Performance Fees**

The Adviser does not use a performance-based fee structure.

## **Item 7-Types of Clients**

### **Description**

The Adviser generally provides investment advice to individuals, pension, profit-sharing plans, corporations or business entities. Relationships vary in scope and length of service.

### **Account Minimums**

The Adviser requires a minimum of \$250,000 to establish a new Advisory account; however, the minimum may be waived at the sole discretion of the Adviser.

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

### **Methods of Analysis**

Security analysis methods include fundamental analysis and at times, technical analysis. The main sources of information include company filings with the Securities and Exchange Commission, financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, and company press releases.

### **Investment Strategies**

Strategies may include long-term purchases of investment securities, short-term purchases, and trading purchases. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

The Adviser's strategies do not involve frequent trading.

### **Investment Risks**

All investments including the investment accounts managed by the Adviser have risks that are borne by the investor. This includes the risks described below:

#### **Market Risks:**

- **General Investment Risks Including Market Volatility:** The performance of any investment is subject to numerous factors that are neither within the control of nor predictable by the Adviser. Such factors include a wide range of economic, political, competitive, technological, and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Adviser to realize profits. Additionally, specific investments in the Adviser's strategies may require more time than others to realize an expected return and may experience a pricing correction in a faster-than-expected time, subjecting the Adviser to reinvestment risk.
- **Material Non-Public Information:** By reason of their responsibilities in connection with other activities of the Adviser and/or its affiliates, certain principals or employees of the Adviser and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Adviser will not be free to act upon any such information.

Due to these restrictions, the Adviser may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

- **Fixed Income Interest Rate and Credit Risk:** The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of many fixed income securities fall. This risk is usually greater for longer-term and higher-rated fixed income securities. If the Adviser holds a fixed-income security to maturity, the change in its price before maturity may have little impact on the Adviser's performance; however, if the Adviser must sell certain fixed income securities before their maturity date, an increase in interest rates could result in a loss to the Adviser. All fixed income securities contain default and repayment of principal risk. Default and repayment of principal risks are the ability of a bond issuer to repay scheduled interest payments and principal upon a bond's maturity in the event of an issuer's financial hardship. In general, lower-rated fixed income securities including high yield bonds are more at risk of default and principal repayment than higher-rated securities including investment-grade bonds. The Adviser's strategies may include investments in fixed income securities that are un-rated or below investment grade that have the potential for higher returns than investment-grade bonds but also have greater credit, volatility, and liquidity risk.
- **Fixed Income Call Option Risk:** Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. For callable bonds, the cash flow pattern is not known with certainty and the capital appreciation potential of a bond may be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond. The Adviser seeks to mitigate bond call risk by analyzing the yield to call for individual bonds prior to making purchases, but there can be no assurance that it can avoid all risks associated with bonds that may be called.
- **Investments in Non-U.S. Securities:** The Adviser may invest and trade a portion of its assets in non-U.S. securities including ADRs, foreign bonds and mutual funds that invest in international securities. International securities generally have greater volatility, political, economic and currency risks than domestic securities. Additionally, they may involve differences in accounting methods.
- **Diversification:** Depending on an investor's objectives, the Adviser may manage certain accounts in a non-diversified manner. For these investors, assets may be concentrated in a limited number of holdings which may cause greater volatility based on the individual holdings than would otherwise be the case if assets were invested in a more diversified manner.
- **Liquidity:** Liquidity is the ability to readily convert an investment into cash. Securities, where there is a ready market that is traded through an exchange, are generally more liquid. Securities traded over the counter or that do not have a ready

market or are thinly traded are less liquid and may face discounts in the price level in a liquidation situation. Additionally, certain types of securities including small and mid-capitalization stocks and non-investment grade bonds tend to be less liquid and more volatile than other securities including large-capitalization stocks and investment-grade bonds. The Adviser makes investments in a variety of different types of securities in its managed accounts including those types that may be less liquid and more volatile than other types.

**Regulatory Risks:**

- **Strategy Restrictions:** Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel, and accountants to determine what restrictions may apply and whether an investment in the Adviser is appropriate.
- **Trading Limitations:** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Adviser to loss. Also, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Adviser to potential losses.
- **Tax Risk:** The tax aspects of an investment are complicated, and each investor should have them reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles as applicable.
- **Conflicts of Interest:** In the administration of client accounts, portfolios, and financial reporting, the Adviser faces inherent conflicts of interest which are described in this brochure. Generally, the Adviser mitigates these conflicts through its Code of Ethics and fiduciary responsibilities as a registered investment adviser which provides that the client's interest is always held above that of the Firm and its associated persons.
- **Accuracy of Public Information:** The Adviser selects investments, in part, based on information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and sometimes seeks independent corroboration when it is considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if the information is inaccurate.

**Item 9-Legal and Disciplinary Information**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

The Adviser does not currently have any other financial industry affiliations.

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

#### **Code of Ethics**

The Adviser has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Adviser's Compliance Officer and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser's Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients can obtain a copy of the Adviser's Code of Ethics by contacting the Compliance Officer of the Adviser.

#### **Participation or Interest in Client Transactions**

Under the Adviser's Code of Ethics, the Adviser and its managers, members, officers, and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of the Adviser, managers, members, officers, and employees on the same day purchase or sell the same security, either the clients and the Adviser, managers, members, officers, or employees shall receive or pay the same price, or the clients shall receive a more favorable price. The Adviser and its managers, members, officers, and employees may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

#### **Personal Trading**

The Chief Compliance Officer of the Adviser is Sean Chaitman. He conducts personal trading reviews to ensure that personal trading does not affect the markets and that clients of the firm receive preferential treatment.

### **Item 12-Brokerage Practices**

#### **Brokerage Selection and Soft Dollars**

The Adviser recommends brokerage firms as qualified custodians and for trade execution. Generally, these recommendations are based on the Adviser's perception of the breadth of services offered by the broker-dealer and their quality of trading execution. However, the client may pay commissions or fees that are higher or lower than those that may be

obtained from elsewhere for similar services. The Adviser does not receive fees or commissions from any of these arrangements.

In selecting brokers or dealers to execute transactions, the Adviser will seek to achieve the best execution possible, but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Adviser is not required to negotiate "execution-only" commission rates; thus, the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker which are included in the commission rate. It is the policy and practice of the Adviser to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction, and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that the Adviser may pay compensation on a transaction more than the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and the Adviser makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, the Adviser will consider the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. The Adviser has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

Custodians generally offer a variety of share classes of open-end mutual funds for client accounts, which typically include: (1) **Retail shares** - generally available for purchase without a transaction fee, but by and large, have a higher internal expense ratio than institutional class shares); and (2) **Institutional class shares** - typically have a lower internal expense ratio than the retail share class, but often require the payment of a transaction fee and may require a minimum dollar purchase or be subject to other restrictions that make them impractical for certain clients.

Even though the transaction fees and applicable fund expenses (i.e., 12b-1 fees) are payable to the account custodian, and not Shelter Rock or any of its employees, Shelter Rock must still undertake a review to determine what share class is most appropriate for the client, considering such factors as the intended purchase amount, the amount of the transaction fee, the difference in expense ratios, the intended holding period, tax implications, and the availability of the institutional share class.

### **Order Aggregation**

At times, the Adviser purchases or sells the same security for many accounts, even though each client account is individually managed. When possible, the Adviser also aggregates the same transaction in the same securities for many clients for whom the Adviser has discretion to direct brokerage. Clients in aggregated transactions each receive the same price per unit, although they may pay differing brokerage commissions depending upon the nature of their directed brokerage arrangement, if any.



If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If the Adviser is unable to fill an aggregated transaction completely but receives a partial fill of the aggregated transaction, the Adviser will allocate the filled portion of the transaction to clients based on an equitable rotational system as follows:

- The Adviser must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.
- All clients, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Adviser's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients, accounts, or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement and the variance from the modeled allocation of a security. Where this method prescribes an odd lot that is less than 100 shares for an account, the allocation will be rounded up to a whole lot. Client funds held collectively for the purpose of completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.
- Each client, account or fund that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's, account's, or fund's participation in the transaction.
- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client, account, or fund as detailed in any written agreements. No additional compensation shall result from the proposed allocation. No client, account or fund will be favored over any other client, account, or fund because of the allocation.
- Pre-allocation statement(s) specifying the participating client accounts and the proposed method to allocate the order among the clients, accounts or funds are required prior to any allocated order. The basis for establishing pre-allocations may include pro-rata of account assets to assets for the specific strategy, executing broker and variance from modeled position holding as factors. Should the actual allocation differ from the allocation statement, such trade will only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Adviser.

In cases where the client has negotiated the commission-rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available a result of the aggregated trade.

### **Directing Brokerage for Client Referrals**

The Adviser and its associated persons do not receive client referrals from broker-dealers or third parties as consideration for selecting or recommending brokers for client accounts.

### **Directed Brokerage**

The Adviser may allow clients to direct brokerage, but the Adviser does not require clients to direct brokerage. If a client directs the Adviser to use a particular broker or dealer, the Adviser may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct the Adviser to use a particular broker or dealer and other clients who do not direct Adviser to use a particular broker or dealer which may result in higher trading expenses to the client who directs brokerage. The Adviser may place orders for transactions in certain securities initially only for those accounts which are held in custody at banks or at brokerage firms that permit the Adviser to place trades for accounts held in custody at that firm with other brokerage firms. Therefore, accounts held in custody at firms that do not permit the Adviser to place transactions with other brokerage firms may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other clients whose accounts are not so restricted. In cases where trading or investment restrictions are placed on a client's account, the Adviser may be precluded from aggregating that client's transaction with other accounts which may result in less favorable security prices and/or higher transaction costs.

### **Item 13-Review of Accounts**

#### **Periodic Reviews**

Account reviews are performed quarterly by Sean Chaitman, Chief Investment, and Chief Compliance Officer. He will consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

#### **Review Triggers**

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

#### **Client Reports**

Clients may receive periodic reports that may include account valuation, performance stated in dollars and as a percent, and portfolio attribution. Clients receive statements of account positions and account valuation no less than quarterly from the account custodian.

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

The Adviser does not have any arrangements in place to refer clients to another investment adviser.

However, we do pay individuals (“solicitors”) who introduce our management services to prospective clients. These affiliated solicitors must notify prospective clients that they are



solicitors of the Adviser at the time of the referral and the Adviser provides further details of the referral arrangement as part of the written investment management agreement you sign prior to the start of the advisory relationship. The fees to the solicitors are paid out of the Adviser's standard management fees and the payment of solicitor fees does not increase the cost of investment management services to the client. The Adviser confirms that all solicitors are licensed as required and are otherwise qualified to provide impersonal investment advice. No person referred is under any obligation to agree to pay for advisory services or to obtain desired services through the Adviser.

#### **Item 15-Custody**

The Adviser does not accept or permit the Firm or its associated persons from obtaining custody of client assets including cash, securities, acting as a trustee, provide bill paying service, have password access to control account activity or any other form of controlling client assets. All checks or wire transfers to fund client accounts should be made out to/sent directly to the account custodian.

#### **Account Statements**

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

#### **Performance Reports**

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission now requires advisers to urge clients to compare the information set forth in their statement from the Adviser with the statements received directly from the custodian to ensure accuracy of all account transactions.

#### **Item 16-Investment Discretion**

The Adviser contracts for discretionary authority to transact portfolio securities accounts on behalf of clients. Discretionary authority is granted by the Adviser's investment management agreement. The Adviser has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may, however, be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the client on transactions in certain types of businesses or industries. All such restrictions are to be agreed upon in writing at the account's inception.

#### **Retirement Plan Services**

The Adviser provides investment fiduciary and retirement plan advisory services selected by the Plan Sponsor to assist the Sponsor in meeting its requirements to prudently administer and manage the Plan and, if applicable, to educate the Plan's participants to help them maximize their benefits through the Plan.

When providing any nondiscretionary fiduciary services, as selected by the Sponsor, the Adviser will solely be making recommendations to the Sponsor, and the Sponsor retains full discretionary authority or control over assets of the Plan.

**Item 17-Voting Client Securities**

The Adviser will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. The Adviser does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. The Adviser promptly passes along any proxy voting information to the clients or their representatives.

**Item 18-Financial Information**

The Adviser does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. The Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide a balance sheet.

## **Business Continuity Plan**

### **General**

The Adviser has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services, or key people.

### **Disasters**

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident.

### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

## **Information Security Program**

### **Information Security**

The Adviser maintains an information security program to reduce the risk that your personal and confidential information is breached.

### **Privacy Practices**

Below is a summary of the Adviser's Privacy Policy regarding client personal information.

### **Shelter Rock Management, LLC:**

- a) Collects non-public personal information about its clients from the following sources:
  - Information received from clients on applications or other forms
  - Information about clients' transactions with the Adviser, its affiliates, and others
  - Information received from our correspondent clearing broker with respect to client accounts
  - Information received from service bureaus or other third parties
- b) The Adviser will not share such information with any affiliated or nonaffiliated third party except:
  - When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians
  - When required to maintain or service a customer account
  - To resolve customer disputes or inquiries

- With persons acting in a fiduciary or representative capacity on behalf of the customer
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability
  - To comply with federal, state or local laws, rules, and other applicable legal requirements
  - In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement
  - In any circumstances with the customer's instruction or consent
- c) Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.
- d) Maintains physical, electronic, and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.