



# Aldrich Wealth LP

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This Brochure provides information about the qualifications and business practices of **Aldrich Wealth LP**. If you have any questions about the contents of this Brochure, please contact us at **503-620-5329** or **888-299-3102**. 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.

**Aldrich Wealth LP** is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information from which you may determine to hire or retain an Adviser.

Additional information about **Aldrich Wealth LP** is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Since our last annual update to our Brochure on March 30, 2020, we have made the following material changes:

- Item 5: Amended fee schedules
- Item 10: Updated information about affiliated entities
- Item 8 Amended to include additional disclosures regarding our investment strategies and use of alternative investments.

New Brochures will be provided as necessary based on changes or new information, at any time during the year, without charge.

Currently, our Brochure may be requested by contacting Karen E. Price, Director of Operations at 503-620-5329 or [kprice@wealthadvisors.com](mailto:kprice@wealthadvisors.com). Our Brochure is also available on our web site [www.wealthadvisors.com](http://www.wealthadvisors.com), also free of charge.

Additional information about Aldrich Wealth LP is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site provides information about any persons affiliated with Aldrich Wealth LP who are registered, or are required to be registered, as investment adviser representatives of Aldrich Wealth LP.

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## Item 4 – Advisory Business

Aldrich Wealth LP provides investment management, consulting, planning, and tax services to its clients. Aldrich Wealth LP was formed in 1998 and has been in business continuously since. Aldrich Wealth LP is a partnership, whose primary owner is AKT Services, LLP. AKT Services, LLP is a partnership owned by over 30 individuals.

Aldrich Wealth LP offers its investment management services to two distinct types of clients contained within separate business divisions of the firm. It offers investment management to individuals, businesses, trusts, and other entities within its Private Wealth Division. It also offers investment management to self-directed and trustee-directed retirement plans within its Corporate Retirement Plan (CRP) Services Division.

Aldrich Wealth LP may also provide personal financial planning, estate planning and tax planning and preparation services to its clients. These services are all contracted with clients separately from the investment management services referred to above, although sometimes multiple services will be covered by one fee schedule. Aldrich Wealth LP, from time to time, will offer its clients tax planning and tax preparation services provided by Aldrich CPA's and Advisors LLP, an affiliate of the Aldrich Group. These services are also contracted separately from the investment management services referred to above, although the services may be covered by one fee schedule.

Investment management services are offered to Private Wealth clients on a discretionary or non-discretionary basis as granted by the client in a written advisory agreement. Discretionary services will include the authority to purchase and sell securities and other investment instruments in the account, while implementing asset allocation strategies and product strategies that are aligned with the individual or entity's investment profile. For non-discretionary engagements, the services will be similar, but our recommendations must be followed by express approval (verbal or written) from clients before implementation.

In our CRP Services Division, we offer (1) Discretionary Investment Management Services, (2) Non-Discretionary Investment Advisory Services and/or (3) Retirement Plan Consulting Services to employer-sponsored retirement plans and their participants. Depending on the type of the Plan and the specific arrangement with the Sponsor, we may provide one or more of these services. Prior to being engaged by the Sponsor, we will provide a copy of this Form ADV Part 2 along with a copy of our Privacy Policy and Investment Advisory Agreement ("Agreement") that contains the information required under Sec. 408(b)(2) of the Employee Retirement Income Security Act ("ERISA") as applicable.

Discretionary investment management for clients within the CRP Services Division are designed to allow the Plan fiduciary to delegate responsibility for managing, acquiring and disposing of Plan assets that meet the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). We will perform these investment management services through our IARs and charge fees as described in this Form ADV and the Agreement. If the Plan is subject to ERISA, we will perform these services as an "investment manager" as defined under ERISA Section 3(38) and as a "fiduciary" to the Plan as defined under ERISA Section 3(21). The following services are examples of what can be performed:

- Selection, monitoring and replacement of Designated Investment Alternatives (DIA's)
- Creation and maintenance of model asset allocation portfolios
- Selection, monitoring and replacement of Qualified Default Investment Alternatives (QDIA's)
- Management of trust fund

Non-discretionary fiduciary services to CRP clients are designed to allow the Sponsor to retain full discretionary authority or control over assets of the Plan. We will solely be making recommendations to the Sponsor. We will perform these Non-Discretionary investment advisory services through our IARs and charge fees as described in this Form ADV and the Agreement. If the Plan is covered by ERISA, we will perform these investment advisory services to the Plan as a "fiduciary" defined under ERISA Section 3(21). The following services are examples of what can be performed:

- Assist in establishing Investment Policy Statement
- Advice regarding DIA's
- Advice regarding model asset allocation portfolios
- Advice regarding QDIA's
- Participant investment advice

Consulting Services to CRP clients are designed to allow our IARs to assist the Sponsor in meeting his/her fiduciary duties to administer the Plan in the best interests of Plan participants and their beneficiaries. Retirement Plan Consulting Services are performed so that they would not be considered "investment advice" under ERISA.

Aldrich Wealth LP will primarily utilize mutual funds and exchange traded funds in asset allocation strategies, but will occasionally also use individual equity and fixed income securities, through Separate Account Managers, as well as alternative investments as explained further in Item 8 of this brochure.

As part of our Planning Services, we may provide to our Private Wealth clients analysis and reporting on retirement planning, estate planning, insurance planning, business transition planning, education planning and tax planning.

Aldrich Wealth also maintains a small number of Consulting Services clients. In these cases, services are limited to the monitoring and reporting of performance on the accounts, recommendations on asset allocation and security selection, and other types of customized analysis and reporting as requested by the client.

As of December 31, 2020 account values, Aldrich Wealth LP manages approximately \$3,545,619,441 in client assets on a discretionary basis and approximately \$614,231,313 in client assets on a non-discretionary basis.

In some cases, Aldrich Wealth LP may choose to contract with another Registered Investment Advisor, called a Separate Account Manager (SAM), to obtain specialized expertise and services to benefit the client. Aldrich Wealth LP provides this service to its Private Wealth Clients. Aldrich Wealth LP selects these SAM based on area of expertise, performance history, investment philosophy, and firm culture. Aldrich Wealth LP maintains an advisory relationship with the client and manages the SAM in an advocacy role for the client.

As a regular part of our business, Aldrich Wealth LP may provide distribution education to participants considering a withdrawal from the qualified plan of an employer. A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options):

- (i) leave the money in his/her former employer's plan, if permitted,

- (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted,
- (iii) roll over to an Individual Retirement Account ("IRA"), or
- (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

Aldrich Wealth will only provide "distribution education" to participants of Plan Sponsors that Aldrich Wealth also has a "fiduciary" relationship with. We will not provide a "recommendation" to this category of participant related to their distribution options. If a participant of this type subsequently chooses to rollover a distribution from their qualified plan, it will have been through their own analysis and an independent decision to proceed with a distribution from the Plan. Aldrich Wealth will not exercise any of its fiduciary discretion with regards to the qualified plan of the Plan Sponsor, as it relates to the participants distribution decision.

Aldrich Wealth may recommend a participant roll over plan assets to an IRA managed by Aldrich Wealth, but only when there is no fiduciary relationship with the qualified plan from which the rollover is emanating. As a result, Aldrich Wealth and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his/her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Aldrich Wealth (unless the client engages Aldrich Wealth to monitor and/or manage the account while maintained at the client's employer). Aldrich Wealth has an economic incentive to encourage a client to roll plan assets into an IRA that Aldrich Wealth will manage or to engage Aldrich Wealth to monitor and/or manage the account while maintained at the client's employer. There are various factors that Aldrich Wealth may consider before recommending a rollover, including but not limited to:

- (i) the investment options available in the plan versus the investment options available in the IRA,
- (ii) fees and expenses in the plan versus the fees and expenses in an IRA,
- (iii) the services provided and responsiveness of the plan's investment professionals versus Aldrich Wealth',
- (iv) protection of assets from creditor and legal judgements,
- (v) required minimum distributions and age considerations, and
- (vi) taxes and penalties (if applicable)

No client is under any obligation to roll over plan assets to an IRA managed by Aldrich Wealth or to engage Aldrich Wealth to monitor and/or manage the account while maintained by the client's employer. A plan participant may establish a client relationship with Aldrich Wealth LP in various ways, but in each case, the provision of services to that plan participant will be provided under a separate agreement.

## **Item 5 – Fees and Compensation**

Compensation to Aldrich Wealth LP for its services to clients within its Private Wealth Division will be calculated quarterly, in advance, in accordance with the client's written fee schedule within their Investment Advisory Agreement. Compensation to Aldrich Wealth LP for its services to clients within its Corporate Retirement Plan Division will be calculated quarterly, in arrears, in accordance with the client's written fee schedule within their Investment Advisory Agreement. Fee schedules may be amended from time to time by Aldrich Wealth LP upon 30 days prior written notice to the client.

The client may be required to pay, in addition to Aldrich Wealth LP's fee, a proportionate share of any mutual funds' marketing and advertising expenses (12b-1 fees), management fees, and other mutual fund and exchange traded fund operating expenses. Aldrich Wealth LP does not receive any portion of these expenses as revenue. The client may also be required to pay brokerage commissions, transaction fees, custodial fees, or sub-advisor management fees, depending upon the nature of the arrangement. Aldrich Wealth LP shall not receive any portion of these fees.

Our Corporate Retirement Plan Services clients may receive credits back, in the form of revenue sharing, from the mutual funds' that their participants have investments in. Aldrich Wealth LP does not receive any of these revenue sharing credits as revenue. The clients will instruct the record keeper to the plan, to either return the credits to the participants in the plan, or utilize them to reduce expenses of the plan, that could include advisory fees paid to Aldrich Wealth LP.

Payment of quarterly fees is due within 10 days of invoicing. For accounts billed in arrears, the fee will be calculated based on the account's net asset value at the end of the quarter being billed or using the average daily balance method – dependent on the record keeper's capabilities. For accounts billed in advance, the fee will be based on the account's net asset value at the end of the most recent previous quarter. If the account is being billed in advance, and is closed during the quarter, a pro-rated refund of the fee will be provided shortly after the account is closed. If the account is being billed in arrears, and is closed during the quarter, the fee will be based on the net asset value of the account on the last day the account was under the management of Aldrich Wealth LP, and pro-rated by the number of days managed in the quarter. New accounts to Aldrich Wealth LP are not subject to fees until active management of the client's account begins.

Fees are generally negotiable and may vary from the standard schedules below based on the complexity of the account, size of the account, and other considerations. It is possible that individual clients may have fees higher or lower than the standard fee schedules below, based on legacy fee schedules in place at the time the client relationship was initiated.

#### Private Wealth Clients – standard schedule

| Assets                       | Annual Fee |
|------------------------------|------------|
| Up to \$500,000              | 1.25%      |
| \$ 500,001 – \$ 2,000,000    | 1.00%      |
| \$ 2,000,001 – \$ 5,000,000  | 0.80%      |
| \$ 5,000,001 – \$ 10,000,000 | 0.60%      |
| \$10,000,001 – \$ 20,000,000 | 0.50%      |
| Over \$20,000,000            | Negotiable |

Most client assets are billed at a flat rate, with a few that have been grandfathered in from prior agreements and are billed at a graduated rate. In many arrangements, Aldrich Wealth LP may provide some level of financial planning and estate planning in addition to investment management services to clients under this fee schedule. The level of planning provided will depend upon the assets under management, and the complexity of the client's situation.

In addition to planning and investment management services, Aldrich Wealth LP may provide tax planning and preparation services to clients, and accordingly, add an additional basis point fee to the schedule above, a separate flat retainer fee, or bill an hourly charge. All tax planning and tax

preparation services are provided by Aldrich CPA's and Advisors LLP, an affiliate of Aldrich Wealth LP.

Trustee-directed qualified plans are also managed on the Private Wealth standard fee schedule.

#### Corporate Retirement Plan – standard schedule

| Assets                      | Annual Fee                      |
|-----------------------------|---------------------------------|
| Up to \$2,500,000           | 0.52% or \$10,000 (the greater) |
| \$ 2,500,001 – \$ 5,000,000 | 0.45%                           |
| \$ 5,000,001 – \$10,000,000 | 0.35%                           |
| \$10,000,001 – \$20,000,000 | 0.25%                           |
| Over \$20,000,000           | Negotiable                      |

Client assets are billed at a flat rate.

Clients may choose to pay fees by check or to have fees debited from their investment accounts by the account custodian upon submission of a request to the custodian by Aldrich Wealth LP. The only exception being sub-advisor or Third-Party Asset Manager (TPAM) fees which are paid directly from the Client's account to the sub-advisor or TPAM advising on the account. Payment of fees may result in the liquidation of a portion of the client's securities if there is insufficient cash in the account at the time that fees are assessed. Copies of the fee invoices will be sent to the client no matter what method of payment is chosen.

In order to calculate fee amounts, the net asset value of the client accounts will be determined by Aldrich Wealth LP in good faith at the close of the New York Stock Exchange (the "Exchange") on either the last day of the quarter preceding the period being billed, or the last day of the quarter following the period being billed, depending on the arrangement. For purposes of determining value, securities and other investment instruments traded on a market for which actual transaction prices are publicly reported will be valued at the prices publicly reported. In the case where the closing date is not a regular business day of the Exchange, the net asset value will be computed as of the last prior business day of the Exchange.

For other readily marketable securities and investment instruments that may not trade on a market for which actual transaction prices are publicly reported, Aldrich Wealth LP will use a pricing service, information from the investment entity itself, or quotations from one or more dealers. All other assets will be valued at a reasonable value by Aldrich Wealth LP, using the most current information resources available at the time that fees are assessed. Aldrich Wealth LP may modify the terms in this Section with at least 30 days prior written notice to clients.

Hourly rates are charged clients in some circumstances. Hourly rates are generally charged at the standard hourly billing rate of the staff member providing the services. Hourly rates vary between \$150 and \$500 depending on the staff member and services being provided and will be disclosed to the client in an engagement letter outlining the services agreed upon. Aldrich Wealth LP will not be considered "hired" until such an agreement has been signed by the client and returned to Aldrich Wealth LP. Project costs are generally negotiable. Payment for these services are payable as the services are rendered and will be invoiced separately from any bundled or unbundled investment management fees charged quarterly.



Fixed rates are charged clients in some circumstances for services provided, but primarily personal financial and estate planning, consulting, and tax services. Fixed rates are based primarily on the hours involved in the project and value being provided. Fixed rates are generally negotiable. Payment for these services are payable as the services are rendered and will be invoiced separately from any bundled or unbundled investment management fees charged quarterly.

Supervised persons of Aldrich Wealth LP may also act as registered representatives of Pacific Coast Capital, LLC, an affiliated FINRA-registered limited-purpose broker-dealer firm. Information regarding this relationship can be found in Item 10 of this Brochure.

Item 12 further describes the factors that Aldrich Wealth LP considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

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

Aldrich Wealth LP does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Aldrich Wealth LP provides investment management, consulting, planning, and tax services to individuals, corporations, retirement plans, other trusts, foundations, municipalities and not for profit organizations.

Any minimum account sizes are negotiable and dependent upon a number of factors that go into our client acceptance process.

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

Investing in securities involves risk of loss – including the possible loss of principal - that clients should be prepared to bear.

Aldrich Wealth LP has created multiple asset allocation models that are designed to provide different expected risk and return combinations. The allocations range from conservative (*lower risk and lower expected returns*) to aggressive (*higher risk and higher expected returns*). Each allocation is designed to provide the maximum return for the selected level of risk (also called standard deviation). Portfolios are diversified across multiple asset classes to help ensure proper diversification with respect to style (growth and value), geographic exposure, market capitalizations, duration, and credit risk. Allocation ranges (minimums and maximums) are utilized to help avoid excessive exposure to any single position and support rebalancing.

Aldrich Wealth LP uses third party asset allocation and trading software that is robust in terms of functionality and flexibility.

Aldrich Wealth LP uses long-term historical risk, return, and correlation data as inputs into the asset allocation modeling software. Historical data are provided by Morningstar, Inc. Aldrich Wealth LP believes long-term historical data combined with an informed outlook for the current market environment are the most reliable sources for framing clients' expectations regarding future investment performance.

Aldrich Wealth LP considers a wide array of asset classes and styles for implementation in client portfolios. Asset classes that have historically provided competitive risk-adjusted returns are considered as inputs in the optimization model. Additional asset classes may be included if their risk and return profiles are deemed to potentially enhance returns and/or reduce risks.

Aldrich Wealth LP uses a combination of active and passive managers. *(Passive management is generally associated with mutual funds and exchange traded funds where the portfolio of the fund simply mirrors a particular market index. Active management refers to fund portfolios whose managers are attempting to better the returns earned by a specific market index and who typically choose investments that differ from the holdings of the index).* Aldrich Wealth LP monitors asset classes and attempts to determine which asset classes offer the best opportunity to add value by using active managers. In situations where Aldrich Wealth LP cannot clearly identify the benefits of active management, a passive approach is used.

Equity managers are generally divided based on asset class size (*large cap, mid cap and small cap*), management style (*value, growth, and core*), strategy (*active or passive*) and region (*US or Non-US*). The inclusion of value and growth styles supports shifting assets from one style to another in situations where a style bias may be beneficial.

Aldrich Wealth LP also uses alternative investments. Alternative investments have unique characteristics relative to equity and fixed income investments and historically, a very low correlation to stocks and bonds. Some non-registered alternative investments typically require a long-term commitment and can be very difficult to liquidate in a timely manner. Only accredited investors with substantial net worth are allowed to participate in privately held funds. *(An accredited investor is someone who can satisfy at least one of the following criteria: earns individual income of more than \$200,000 per year or joint income of \$300,000 in each of the last 2 years and expects to reasonably maintain the same level of income, has a net worth exceeding \$1 million, or is a general partner, executive officer, director or related combination thereof for the issuer of a security being offered.)*

Aldrich Wealth LP uses registered funds, alternative investments offered through third party platforms, and direct investments in unregistered funds through limited partnerships. Registered funds offer much lower investment minimums compared to unregistered private funds. They are also required to register with the SEC (*Securities & Exchange Commission*) or CFTC (*Commodity Futures Trading Commission*) or NFA (*National Futures Association*) and provide periodic reports, which provide another level of transparency and oversight. Registered funds generally offer quarterly or monthly liquidity and are required to provide quarterly tender offers to existing investors. Investments through alternative platforms reduce the minimum investment requirement (typically \$100,000 or \$250,000) and include due diligence support. Investors must be either accredited or qualified purchasers in order to participate. Liquidity varies depending upon the type of investment and can range from monthly to up to 10 years. For qualified purchasers, defined as individuals or entities with more than \$5 million in investments, we may introduce direct investments in limited partnership structures. Limited partnerships typically require long holding periods that can extend beyond 10 years.

Aldrich Wealth LP is focused on providing competitive after-tax returns. Therefore, the investment process considers such factors as clients' tax rates, the types of accounts available (taxable or deferred), portfolio turnover, and where certain assets are held.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Aldrich Wealth LP or the integrity of Aldrich Wealth LP's management. *Aldrich Wealth LP has no information applicable to this Item.*

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

Aldrich Wealth LP is owned by AKT Services, LLP and Aldrich Services LLP.

AKT Services, LLP is a parent company is owned by individual partners.

Aldrich Services LLP acts as a manager for all operating entities and is owned by AKT Services LLP and Aldrich CPAs and Advisors LLP.

Aldrich CPA's and Advisors LLP provides accounting, tax, and consulting services, and is majority owned by AKT Services LLP. The firm also holds ownership in Hawthorne Experts 15 Inc.

Aldrich Benefits LP provides group health benefit, life, and disability insurance services and is owned by AKT Services LLP and Aldrich Services LLP.

Aldrich Capital Advisors LP provides consulting services related to various types of business transitions, and is owned by AKT Services LLP and Aldrich Services LLP.

Aldrich Retirement Solutions LP provides corporate retirement plan administration and consulting, and is owned by AKT Services LLP and Aldrich Services LLP.

Aldrich Technology LLC provides managed technology and technology consulting services, and is owned by Aldrich Services LLP.

AKT Business Services PVT LTD provides corporate retirement plan administration and investment analysis support, and is owned by AKT RPS International and Aldrich Services LLP.

AKT Global LLC is a holding company owned by AKT Services LLP and holds ownership in Modgene Pharma LLC, and Alcedo Atthis Limited.

Gray Rabbit LLC is a holding company owned by Aldrich CPAs and Advisors LLP and holds ownership in Firmcast.

AKT RPS International LLP is a holding company owned by Aldrich Retirement Solutions LP.

Aldrich Wealth LP also shares a physical location with several of these firms.

Aldrich Wealth LP shares fees and employees in some client arrangements with Aldrich CPA's and Advisors LLP and Aldrich Retirement Solutions LP.

From time to time Aldrich Wealth LP may refer clients needing life, health and disability insurance to Aldrich Benefits LP. The possibility of potential multiples sources of compensation flowing to affiliated entities creates a conflict of interest. However, that conflict is mitigated by Aldrich Wealth LP's full disclosure of the relationship with Aldrich Benefits LP and an emphasis to clients of their right to choose any insurance agency or agent they wish to fulfill their insurance needs.

Carl J. Pinkard, Principal and Vice President of Aldrich Wealth LP is also a Principal, Manager, Registered Representative, and the Chief Compliance Officer for Pacific Coast Capital, LLC, a limited-purpose FINRA-registered broker-dealer firm owned by Aldrich Services LLP. In his separate capacity as a registered representative of Pacific Coast Capital, LLC, Mr. Pinkard may

receive commissions for the implementation of recommendations of the marketing, financing, and sale of closely held companies, including on behalf of certain entities that may be related to clients of Aldrich Wealth LP. Pacific Coast Capital, LLC will not custody any securities bought or sold in client accounts with Aldrich Wealth LP.

## Item 11 – Code of Ethics

Aldrich Wealth LP has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons at Aldrich Wealth LP must acknowledge the terms of the Code of Ethics annually, or as amended throughout the year.

Aldrich Wealth LP anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Aldrich Wealth LP has management authority to effect, and will recommend to investment management clients or prospective clients, the purchase or sale of securities in which Aldrich Wealth LP, its affiliates and/or clients, directly or indirectly, have a position of interest. Aldrich Wealth LP's employees and persons associated with Aldrich Wealth LP are required to follow Aldrich Wealth LP's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Aldrich Wealth LP and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Aldrich Wealth LP's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Aldrich Wealth LP will not interfere with (i) making decisions in the best interest of investment management clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Aldrich Wealth LP's clients. In addition, the Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between Aldrich Wealth LP and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Aldrich Wealth LP's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Aldrich Wealth LP will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Aldrich Wealth LP's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Karen E. Price, Director of Operations.

It is Aldrich Wealth LP's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Aldrich Wealth LP will also not cross trades between client accounts. *Principal transactions are generally defined as transactions where an adviser, acting as*

*principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any investment management client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the investment management client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Aldrich Wealth LP is not dually registered and does not have an affiliated broker-dealer.*

## **Item 12 – Brokerage Practices**

Except to the extent the client directs otherwise, Aldrich Wealth LP will use its discretion in recommending the broker-dealer and therefore the commissions charged, as well as the retirement plan platform (i.e. record keeper). The client will make the final decision of custodian or platform to be used by signing the account application. Aldrich Wealth LP does not currently have the capacity to negotiate commission rates with custodians or retirement plan platforms.

In selecting or recommending a broker-dealer, Aldrich Wealth LP will comply with its fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934 and will take into account such relevant factors as (a) price, (b) the broker-dealer's facilities, reliability and financial responsibility, (c) the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of orders, (d) the research and related brokerage services provided by such broker-dealer to Aldrich Wealth LP, notwithstanding that the account may not be the direct or exclusive beneficiary of such services and (e) any other factors Aldrich Wealth LP considers to be relevant. Once a broker/dealer is chosen, Aldrich Wealth LP does not currently permit clients to direct brokerage for specific trades. All trades for client accounts are executed through the broker/dealer who custodies that account.

Aldrich Wealth LP is authorized in its discretion to aggregate purchases and sales and other transactions made for client accounts with purchases and sales and other transactions in the same or similar securities or instruments for other clients of Aldrich Wealth LP. When transactions are aggregated, the actual prices applicable to the aggregated transactions will be averaged, and each client account transaction will be fulfilled at the average price obtained. Each transaction will be charged any applicable transaction fees at a flat rate – transaction fees are not pro-rated by the size of the transaction or any other criteria.

Aldrich Wealth LP has relationships with various broker-dealer custodians (“custodians”), where access is provided to their institutional trading and custody services which may not be available to retail investors. Services offered include custody of securities, trade execution, clearance and settlement, research, and access to mutual fund share classes and investments that are otherwise generally available only to institutional investors. These custodians do not charge separately for custody, but are compensated by account holders through transaction-related fees for securities trades that are executed through them. These custodians also make available to Aldrich Wealth LP other products and services that benefit Aldrich Wealth LP, but may not benefit its clients directly. Some of these other products and services assist Aldrich Wealth LP in managing and administering clients' accounts. These include software and other technology that provide access to client account data, facilitate trade execution, provide research, pricing information and other market data; and assist with back-office functions, recordkeeping and client reporting. These custodians also make available to Aldrich Wealth LP other services intended to help Aldrich Wealth LP manage and

further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. As a fiduciary, Aldrich Wealth LP endeavors to act in its clients' best interests, but Aldrich Wealth LP recognizes that by recommending its clients maintain their assets in accounts at one of the custodians providing availability of the aforementioned products and services, it may create a perceived or actual conflict of interest. *(Please see further discussion under Item 14 below)*

Aldrich Wealth LP participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Aldrich Wealth LP receives some benefits from TD Ameritrade through participation in the Program. (Please see the related disclosure under Item 14 below.)

Aldrich Wealth LP may, on occasion, recommend that all or a portion of the assets in the client account be managed by a third-party money manager or Separate Account Manager ("SAM") as noted in Item 4 of this brochure. In all discretionary accounts, except to the extent the client directs otherwise, Aldrich Wealth LP is authorized to use its discretion in selecting or changing a SAM without prior notice to the client. The client may be required to execute a limited power of attorney with a SAM selected by Aldrich Wealth LP under this section.

### **Item 13 – Review of Accounts**

In general, client accounts are reviewed on an on-going basis, or at least quarterly, by the Chief Investment Officer or the Senior Analyst under the supervision of the Chief Investment Officer. Reviews are conducted primarily for the purpose of assuring continued general compliance with the financial goals outlined in each client's investment profile and notes to the file. Material additions to, or subtractions from, an account will trigger additional portfolio reviews. The Chief Investment Officer also reviews monthly, the composite performance of client accounts managed similarly. Individual account performance that diverges materially from the composite will also trigger specific portfolio review.

All clients receive custodial statements at least quarterly. Some clients receive quarterly Aldrich Wealth LP reports that include performance calculations. Performance calculations are computed by our portfolio management software from downloads of portfolio activity and security prices provided electronically by each of our broker/dealer custodians. The information is downloaded, reviewed and reconciled daily.

Custodial statements include a list of account holdings and their market value as well as transactions occurring during the report period. Aldrich Wealth LP reports include allocation of the portfolio, the performance of the portfolio during the specified date range, a comparison of the portfolio's actual allocation versus its model, a list of portfolio assets and their market value, and a breakdown of the performance of the portfolio by asset class.

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

Aldrich Wealth LP, at times, provides additional cash and non-cash compensation to employees of Aldrich Wealth LP and its affiliates that is based, at least in part, on bringing clients to the Firm.

As disclosed under Item 12 above, Aldrich Wealth LP participates in TD Ameritrade's institutional customer program. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. Aldrich Wealth LP may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Aldrich Wealth LP's participation in the program and the investment advice it gives to its Client, although Aldrich Wealth LP receives some economic benefits from TD Ameritrade through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Aldrich Wealth LP by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Aldrich Wealth LP's related persons. These products or services may assist Aldrich Wealth LP in managing and administering client accounts, including accounts not maintained at TD Ameritrade.

Other services made available by TD Ameritrade are intended to help Aldrich Wealth LP manage and further develop its business enterprise. The benefits received by Aldrich Wealth LP or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to the custodians. As part of its fiduciary duties to clients, Aldrich Wealth LP endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Aldrich Wealth LP or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Aldrich Wealth LP's choice of custodian for custody and brokerage services.

Aldrich Wealth LP 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, Advisor 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 Aldrich Wealth LP 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 advisors. TD Ameritrade does not supervise Aldrich Wealth LP and has no responsibility for Aldrich Wealth LP's management of client portfolios or Aldrich Wealth LP's other advice or services. Aldrich Wealth LP pays TD Ameritrade an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Aldrich Wealth LP ("Solicitation Fee"). 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%. Aldrich Wealth LP will also pay TD Ameritrade the Solicitation Fee on any assets received by Aldrich Wealth LP 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 Aldrich Wealth LP on the recommendation of such



referred client. Aldrich Wealth LP 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.

Aldrich Wealth LP's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors 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, Aldrich Wealth LP may have an incentive to recommend to clients that the assets under management by Aldrich Wealth LP be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Aldrich Wealth LP 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. Aldrich Wealth LP's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Item 15 – Custody**

Other than having the ability to deduct fees from client accounts, and the ability to disburse or transfer certain funds pursuant to Standing Letters of Authorization executed by Clients, Aldrich Wealth LP does not have custody of the assets in the account and shall have no liability to Clients for any loss or other harm to any property in the account, including from the insolvency of the custodian or any independent acts of the agents or employees of the custodian and whether or not the full amount of such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a broker-dealer.

Clients should receive at least quarterly, statements from the qualified custodian that holds and maintains the client's investment assets. Aldrich Wealth LP urges clients to carefully review such statements and compare them to any account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If material discrepancies are noted, clients are encouraged to contact a representative of Aldrich Wealth LP.

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

Aldrich Wealth LP usually receives discretionary authority from the client at the outset of an investment management relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Aldrich Wealth LP observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Aldrich Wealth LP's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

From time to time, Aldrich Wealth LP may accept client assets into portfolios as “unmanaged”. These unmanaged assets will be invested solely at the direction of the client. We will not consider Aldrich Wealth LP to have ongoing or regular review or oversight of these assets. Consequently, no liability is assumed by Aldrich Wealth LP and no advisory fee is charged by our firm.

Investment guidelines and restrictions must be provided to Aldrich Wealth LP in writing.

When providing services to Retirement Plans, we may exercise discretionary authority or control over the investments specified in the Agreement. When applicable, we perform these services to the Plan as a fiduciary under ERISA Section 3(21) and investment manager under ERISA Section 3(38). We are legally required to act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances.

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

As a matter of firm policy, Aldrich Wealth LP does not have any authority to and does not vote proxies on behalf of investment management clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Aldrich Wealth LP may provide advice to clients regarding the clients’ voting of proxies.

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

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