



Sumnicht & Associates, LLC

Form ADV Part 2 Brochure

March 07, 2025

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This brochure provides information about the qualifications and business practices of Sumnicht & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at 920-731-4455 or clientservices@sumnicht.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about Sumnicht & Associates, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

Sumnicht & Associates is required to advise clients and prospective clients of any material changes to our firm brochure from our last annual update. We use this section to identify material changes that may have taken place between annual updates.

Clients will receive an annual summary of any material changes to this and subsequent brochures no later than 120 days after our December 31 fiscal year-end. At that time, we will offer a copy of our most current brochure. We will also promptly provide ongoing disclosure information about material changes as necessary and update this section anytime there is a material change in between annual updates.

This Brochure supersedes the prior version dated March 22, 2024, as an annual update. Material changes effective since the last annual update include:

No Material Changes

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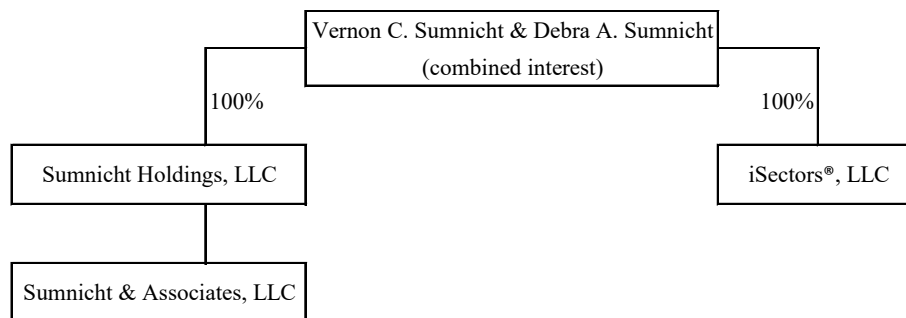
A. Advisory Business

1. **Description of Advisory Firm** - Sumnicht & Associates, LLC (“Sumnicht & Associates” or “the Firm”), a boutique independent fee-based, high net-worth family wealth manager, was founded by Vernon C. Sumnicht, MBA, CFP® in 1988. The Firm provides family office services to high net-worth clients.

In October 2021, Sumnicht & Associates made the decision to retire from the retail investment advisory business. As a result, the Firm has assisted our advisory clients with transition to a new investment adviser. The Firm is continuing a family office investment advisory relationship with one family. The Firm is no longer accepting new investment advisory clients.

As of December 31, 2024, Sumnicht & Associates manages \$100.4 million in its clients’ discretionary and non-discretionary investment portfolios.

- a. The principal owner of Sumnicht & Associates is Sumnicht Holdings, LLC, which is owned by Vernon C. and Debra A. Sumnicht.
- b. Sumnicht & Associates, LLC is affiliated with iSectors®, LLC, (“iSectors®”) a registered investment adviser.
- c. iSectors® is directly owned by Vernon C. and Debra A. Sumnicht.



2. Description of Services Offered

Sumnicht & Associates' senior adviser has the financial industry qualification of Certified Financial Planner (CFP®), and over thirty years of experience in finance, investments, and business. The Firm's philosophy is to provide a multidisciplinary team to service client families. To date, this team approach has been successful at providing and coordinating other skilled professionals, estate planning attorneys, independent trust companies, tax accountants/CPAs, and sociologists/therapists for a full range of integrated family wealth and investment services, including:

Financial Coaching

Wealth Management

- Investment Policy Statement Preparation
- Investment Portfolio Construction
 - Asset Allocation Strategies
 - Diversification Strategies
- Investment Management
- Customized Portfolio Performance Reporting

Risk Management

- Insurance Planning and/or Review
 - Health Insurance
 - Life Insurance
 - Umbrella Liability

Retirement Planning

- Gather Data, Determine Objectives, Prepare Retirement Plan(s)
 - Social Security Review
 - Inflation Assumptions
 - Taxes Assumptions
 - Investment Return Assumptions
- Pension and 401k Plans
- IRA (Traditional, Roth, or SEP)
- IRA Rollovers

Tax Planning

Trust and Estate Planning

- Fiduciary Services and Trust Administration

Charitable Giving Strategies

- Philanthropic Advisory Services
- Foundation Services

Legacy Planning

- Intergenerational Wealth Planning
- Family Governance Solutions
- Control & Succession Issues
- Education of Future Generations

Business Planning

3. Traditional Asset Management and Investment Services – Primary Services Provided

Sumnicht & Associates primarily advises Separately Managed Accounts using Exchange-Traded Funds (ETF)-based allocation models. The Firm may also provide allocations to institutional money managers based upon the client's personal situation.

Sumnicht & Associates chiefly makes use of ETF-based allocation models currently managed by iSectors®, an affiliated registered investment adviser. iSectors® ETF-based asset allocation models are a suite of proprietary investment strategies originally developed and managed by Sumnicht & Associates some of which may employ leverage.

iSectors[®], an ETF Investment Strategist, was originally developed in 2005 by Vernon C. Sumnicht as a department of Sumnicht & Associates. In August 2008, iSectors[®] was registered as an investment adviser with the SEC. iSectors[®] is, therefore, an affiliated company of Sumnicht & Associates. iSectors[®] and Sumnicht & Associates share certain back-office and administrative resources, as well as certain capital resources and personnel. iSectors[®], LLC is directly owned 50% by Vernon C. Sumnicht and 50% by Debra A. Sumnicht.

It should be noted that a conflict of interest exists with respect to investments recommended by Sumnicht & Associates when ETF investment strategist services are provided by a related party such as iSectors[®]. Sumnicht & Associates and iSectors[®] each receive compensation for services they provide.

Sumnicht & Associates contracts with Envestnet Asset Management, Inc. (Envestnet) as a third-party platform administrator for the purposes of automated aggregate reporting of client investment account asset performance and market value, and management fee remittance.

Sumnicht & Associates investors in iSectors[®] ETF models typically pay a bundled fee to Envestnet which includes the following: (1) Sumnicht's investment advisory fee, (2) sponsor fee which includes iSectors[®] license fee and Envestnet's platform fee, and (3) brokerage and custodian's fee. These fees for services provided by Sumnicht and iSectors[®] are remitted from Envestnet to Sumnicht & Associates and iSectors[®].

iSectors[®] charges an annual model fee generally ranging from 0.10% to 0.50% (10 - 50 basis points) of invested assets, depending on the investment model. The iSectors[®] model fee is based, in part, on the complexity of the model and is documented on the Envestnet Statement of Investment Selection (SIS) which the client receives upon making the investment. This iSectors[®] fee is in addition to the advisory fee charged by Sumnicht & Associates.

4. 401(k) and other corporate retirement plans advised by Sumnicht & Associates, LLC (Non-individual IRA/Roth IRA)

Sumnicht & Associates is no longer providing investment advisory services to corporate retirement plans such as 401(k) and 403(b).

Sumnicht & Associates provides retirement planning and estate planning as part of the investment advisory services relationship with the Firm's clients.

5. Tailoring of Services to Client Needs and Objectives

Sumnicht & Associates provides its clients (i.e., individuals, families, retirement accounts, foundations, endowments, estates, and trusts) with discretionary and non-discretionary investment management services, tailored to the needs of the client. In addition, as also discussed below, to the extent requested by the client, and agreed upon by Sumnicht & Associates, the Firm may provide financial planning and related consulting services for a separate and additional fee. Sumnicht & Associates is compensated for investment management/advisory services based upon a percentage of assets under management. Financial planning services are billed monthly, quarterly, or at the completion of service.

In most client situations, before the Firm's advisers give financial advice, Sumnicht & Associates requests each prospective client complete a Client Information Worksheet and Risk Tolerance Questionnaire. These documents serve to help disclose appropriate information to the adviser (contact information, assets, liabilities, etc. and investment risk level), which can enable the adviser

to better develop an Investor Profile in order to better provide advice on asset allocation. It is the client's responsibility to ensure the adviser has all relevant data as requested in the documents referenced above.

Clients are advised that it remains their responsibility to promptly notify Sunnicht & Associates of any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising the Firm's previous recommendations and/or services, or if they wish to impose any reasonable restrictions upon Sunnicht & Associates' management services, as may be mutually agreed upon.

The Firm's standard default style of working with clients is to have the client approve the initial asset allocation recommendation and any subsequently recommended changes to the portfolio. The client is free to accept or reject any recommendation from Sunnicht & Associates.

Rebalancing of client's investments typically occurs at two levels (a) rebalancing at the portfolio level or (b) rebalancing within the investment models or vehicles. Rebalancing at the portfolio level generally involves an asset allocation decision of how much money is allocated to each iSectors[®] model or other investment vehicle and incorporates asset accounts across all registrations. Portfolio rebalancing is discussed with each client during a meeting with the Firm's advisers, and generally occurs on an annual basis. This emphasizes the need for each client to ensure a meeting with the adviser, ideally at a minimum of once a year.

Rebalancing within an iSectors[®] allocation model is performed by the iSectors[®] model manager and timing is specific to each allocation model i.e., monthly or annually.

Sunnicht & Associates' contractual relationship with clients generally grants the Firm discretionary authority over investment management decisions/asset allocation; it is not the Firm's intention to utilize this authority on an ongoing basis. For such clients, on a limited basis and in the event when timing of trades presents a critical nature disallowing an opportunity for adviser/client discussion, the Firm will exercise its fiduciary duty and authority to make trades without prior client approval, i.e., market volatility, or incapacitation of a client.

6. Sunnicht and Associates' Participation in WRAP Fee Programs

Sunnicht & Associates does not sponsor or act as portfolio manager of WRAP fee programs.

7. Assets Under Management at Sunnicht & Associates at December 31, 2024

Assets Under Management	Amount in USD
Discretionary	\$ 52,602,232
Non-Discretionary	\$ 47,842,168
Total	\$ 100,444,400

8. Trust Administration Services

Sumnicht & Associates provides trust administration services to certain trusts of which Vern Sumnicht is a trustee or a co-trustee. Fees for these services are based on each trust and assets under management.

Certain services provided by the Firm to these trusts, above and beyond what has been contracted for and which are considered by the Firm, in its sole discretion, as services above the level of its standard services for trust administration, are billed based upon the time expended at the hourly rate of the staff involved (the range having been presented to applicable clients).

B. Fees and Compensation

1. Description of Compensation to Sumnicht & Associates for Advisory Services – Common Services

Sumnicht & Associates designs investment portfolios and provides ongoing corresponding investment management services on a fee basis. In the event the client determines to implement investment recommendations through Sumnicht & Associates on a fee basis, Sumnicht & Associates charges a quarterly investment management fee based upon a percentage of the market value of the assets being managed by Sumnicht & Associates. The investment management fee charged varies depending upon the market value of assets under management, the asset category (Stocks/Equities, Bonds/Fixed Income, Alternative Assets, ETFs) and the specific type of investment management services to be rendered. The following are the standard fee schedules for investment management services for Traditional Assets, including ETF (Exchange Traded Fund) models and other assets.

- a. **Traditional Assets (Stocks/Equities, Bonds/Fixed Income) and (iSectors®) ETF Models Investment Management Fee Schedule:** Using the Step Convention, one-fourth of the annual fee as a % of assets under management is billed quarterly. This billing is done in advance or arrears, depending upon the specific platform selected by the client.

Annual Fee on Assets under Management for Traditional Assets

Up to \$500,000	1.25% *
>= \$500,000 and < \$1 million	1.0%
>= \$1 million and < \$2.5 million	0.9%
>= \$2.5 million and < \$5.0 million	0.8%
>= \$5.0 million and <\$7.5 million	0.7%
>= \$7.5 million and <\$10 million	0.6%
>= \$10 million and <\$50 million	0.5%
>= \$50 million	Negotiable

The “Step Convention” is best communicated through example:

- i. A client with \$2 million investment assets in Traditional Assets and/or ETF Model would pay an annual fee of 0.9% times \$2 million or \$18,000;
- ii. A client with \$6 million in such investment assets would pay an annual fee of 0.7% times \$6 million or \$42,000.

*On an individual/case-by-case basis, Sunnicht & Associates may decide to accept accounts less than \$500,000 and in that case, the annual fee is 1.25% for such accounts.

Traditional Assets are stocks, bonds and securities such as Exchange-Traded Funds (ETFs).

- b. **Negotiability of Management Fees:** Sunnicht & Associates, in its sole discretion, may charge a lesser management fee and/or reduce or waive the account minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, type of services required, account composition, negotiations with client, etc.).
 - c. **Costs of Investing:** Sunnicht clients pay a bundled fee for: 1) Sunnicht investment advisory fees; 2) sponsor fees which include iSectors[®] license fee and Envestnet's platform fee; and 3) brokerage and custodian fee. These fees for services provided by Sunnicht and iSectors[®] are remitted from Envestnet, or other platforms, to Sunnicht & Associates and iSectors[®].
2. **Timing of Billings for Adviser Remuneration:** Sunnicht & Associates' management fee for investment advisory services shall be prorated and paid quarterly in advance or arrears, based upon the market value of the assets either (a) on the last day of the calendar quarter, (b) last day of the prior quarter or (c) an average of daily assets during the quarter, depending on the program. In the event of advanced billing, if the client terminates Sunnicht & Associates' investment advisory services, the balance of Sunnicht & Associates' fee, if any, shall be prorated from the date of termination (asset transfer) and any unearned amount refunded to the client. The specifics for the billing of fees to clients are dependent upon the specific investment approach selected by the client.
- a. iSectors[®] ETF allocation models on the Envestnet platform: the management fee for investment advisory services is billed quarterly, in advance, based on the market value of the client's investment account assets on the last day of the prior quarter.
3. **Client Agreements May Authorize Direct Debit of Fees Owed Sunnicht & Associates and/or Custodian:** Sunnicht & Associates' Investment Advisory Agreement, along with the custodial agreement, may authorize the custodian to debit the account for the amount of the custodial fees and the amount of Sunnicht & Associates' investment management fee, and to directly remit that investment management fee to Sunnicht & Associates in accordance with required regulatory procedures.
4. **WRAP Fees:** In certain programs discussed above, such as the iSectors[®] asset allocation models managed on the Envestnet platform, the fees are paid as a WRAP fee (i.e., "all-in fee"), which includes broker-dealer transaction commissions, custodian fees, money manager fees, platform fees, iSectors[®] model licensing fees and Sunnicht and Associates' investment management fees. Typically, these fees are bundled, although in certain circumstances, these fees may be unbundled, depending upon the investment program selected and the level of assets under management.

5. Investment Advisory Contract, Financial Planning Agreement, and Certain Other Important Business Terms

- a. Before Sunnicht & Associates will provide investment management services, clients enter into a formal Investment Advisory Agreement for the management of client's assets. The Investment Advisory Agreement which includes the Terms & Conditions addendum, establishes the terms and conditions under which Sunnicht & Associates shall manage the client's assets. Use of another appropriate platform other than Envestnet may require additional investor agreement(s).
- b. In addition, Envestnet Separately Managed Accounts (SMAs), Unified Managed Accounts (UMAs), and iSectors[®] investment accounts will require custodial account agreements. Sunnicht will typically use those custodians with automated electronic reporting capabilities that link to Envestnet. Custodial agreements differ by custodian and type of account (i.e., individual, joint, trust, IRA, SEP, corporate, etc.).
- c. Prior to engaging Sunnicht & Associates to provide financial planning, the client will generally be required to enter into a Financial Planning Agreement which includes the standard Terms & Conditions addendum with Sunnicht & Associates, setting forth the terms and conditions of the engagement, describing the scope of services to be provided, and the fee agreement. In the event Sunnicht & Associates' financial planning services are terminated, the unearned balance of Sunnicht & Associates' fee, if any, shall be refunded to the client.
- d. A copy of Sunnicht & Associates' Form ADV Part 2 Brochure is provided to each client prior to, or along with, the execution of an Investment Advisory Agreement or Financial Planning Agreement. Any client who has not received a copy of this disclosure statement at least forty-eight (48) hours prior to signing an agreement with Sunnicht & Associates has five (5) business days subsequent to signing the agreement to terminate Sunnicht & Associates' services without penalty.
- e. Neither Sunnicht & Associates nor the client may assign the agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of Sunnicht & Associates shall not be considered an assignment.
- f. The Investment Advisory Agreement and the Financial Planning Agreement between Sunnicht & Associates and the client will continue in effect unless terminated by either party by written notice in accordance with the terms of the agreement.

6. Fee Arrangements for Special Projects

In special circumstances, pre-agreed with the client, Sunnicht & Associates may provide investment management, financial planning and advisory services and/or other consultancy with its remuneration paid on an hourly basis. The hourly rate ranges from \$75 to \$650 per hour based upon the staff members required for the project, the complexity of the financial matters at issue, and the added value provided by the team.

7. Other Important Business Terms

- a. In performing its services, Sunnicht & Associates shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely upon such information.

- b. If requested by the client, Sumnicht & Associates may introduce the services of other professionals, such as tax accountants, estate planning attorneys, and family counselors, for implementation purposes. The client is under no obligation to engage the services of any introduced professional.

C. Performance-Based Fees and Side-By-Side Management

Performance-Based Fees: Sumnicht & Associates does not engage in performance-based fees. No supervised person is compensated by performance-based fees.

Side-by-Side Management: Side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of a portfolio or a group of portfolios arising from differences in fee arrangements. In order to ensure that no client is favored over another due to fee structure, size of account, relationship, etc., Sumnicht & Associates maintains policies and procedures designed to treat similarly situated clients fairly, subject to each client's individual guidelines, trading conditions, and restrictions. In order to accomplish this, we have in place a trade allocation policy, which will be amended as needed to accommodate evolving business needs.

D. Types of Clients

1. **Sumnicht & Associates' Clients** consist of individuals (both high net-worth and non-high net-worth), families, retirement accounts, foundations, endowments, estates, and trusts.
2. **Minimum Investment Management Account Size:** Sumnicht & Associates generally requires a \$500,000 account minimum in order for the Firm to provide investment management services; the minimum investment management account size may be waived at the Firm's discretion.

E. Methods of Analysis, Investment Strategies and Risk of Loss

Sumnicht & Associates provides asset allocation services to its clients that desire its advisory services.

Sumnicht & Associates does not guarantee: (1) the future performance of the client's investments or any specific performance, the success of any investment recommendation or strategy the Firm may recommend, or the success of the Firm's management of the client's investments, (2) that the account's performance will be positive or achieve any investment, tax, or accounting objective of the client, or track or outperform any designated benchmark.

Past performance does not guarantee or predict Sumnicht & Associates' or a Manager's recommendations or investment strategy's future performance. Clients must accept and understand that investment recommendations made by the Firm for an investment account or other financial planning advice is subject to various market, interest rate, liquidity, marketability, currency, economic, political, legal, business and/or other risks. In addition, these known and unknown risks may adversely affect investment results and/or the ability to achieve financial objectives. Therefore, investment and other financial planning decisions will not always be profitable.

Clients invested in iSectors® models are strongly encouraged to read the iSectors® ADV Part 2 Brochure for additional details and information.

F. Disciplinary Information

Sumnicht & Associates has no legal or disciplinary events to report.

G. Other Financial Industry Activities and Affiliations

iSectors[®] was originally developed in 2005 by Vernon C. Sumnicht and the Sumnicht & Associates team as a department of Sumnicht & Associates, LLC. In August 2008, iSectors[®] registered as an investment adviser with the SEC. iSectors[®] is an affiliated company of Sumnicht & Associates. iSectors[®] and Sumnicht & Associates share certain back-office and administrative resources, as well as certain capital resources and personnel.

The Firm's principal, Vernon Sumnicht, holds an insurance license, and is licensed to do insurance business in the state of Wisconsin. In such capacity, Mr. Sumnicht may recommend the purchase of certain life insurance products where he may be eligible to (and may) receive a share of insurance commission revenue. These activities could be construed to represent a conflict of interest in that they arguably could provide Mr. Sumnicht an incentive to recommend the purchase of insurance products for a client based on his ability to receive compensation from such a purchase, rather than based on a client's needs. We seek to address this conflict by (a) requiring Mr. Sumnicht to ensure that any such transaction will be on commercially reasonable terms that are generally consistent with industry standards, and (b) neither requiring nor expecting that a client will purchase any such insurance product from any party that would result in any form of additional compensation to be payable to Mr. Sumnicht. In addition, Mr. Sumnicht must maintain compliance with applicable rules and regulations that govern the sale of such products. Clients have the option to purchase insurance products that are recommended through other brokers or agents that are not affiliated with the Firm.

For more information concerning Mr. Sumnicht's activities in this regard, see the Part 2B Brochure Supplement presented for him by the Firm.

H. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- 1. Sumnicht & Associates Code of Ethics:** As required pursuant to Rule 204A-1 under the Investment Advisers Act 1940, as amended (the "Advisers Act"), Sumnicht & Associates adopted a Code of Ethics ("Code of Ethics"), which articulates basic principles of business ethics and standards of conduct. Each Access Person is provided a copy of the Code of Ethics and any amendments and is required to provide a written acknowledgment confirming that he or she has read, understands and agrees to comply with the Code of Ethics. Sumnicht & Associates defines Access Persons as all officers, directors, owners, employees, and the firm's registered investment adviser representatives (who are privy to any client or investment information). This Code of Ethics is based upon fundamental principles of open communication, integrity, honesty, confidentiality, and trust, a copy of which is available upon request.
- 2. Personal Securities Transactions and Trading Policy:** In connection with the Code of Ethics, Sumnicht & Associates adopted a Personal Securities Trading Policy, established to satisfy the applicable requirements of Section 206 and Rules 204A-1 and 204-2 under the Advisers Act. Sumnicht & Associates' policy is based on the principle that its directors, officers, owners, employees and registered investment adviser representatives (who are privy to any client or investment information) owe a fiduciary duty to clients to conduct personal securities transactions in a manner that does not interfere with client transactions or otherwise take unfair advantage of their relationship with the clients. The policy includes prohibitions on trading based on material, non-public or confidential information, and requires that mutual funds transactions comply with the anti-market timing policy or policy on frequent or excessive trading, if any, of the relevant mutual funds. The policy also includes provisions requiring Access Persons, as defined under the Advisers Act, to pre-clear participation in public offerings and limited offerings, and to submit quarterly securities transaction reports with respect to their personal securities investments.

3. **Conflicts of Interest:** Sumnicht & Associates requires its employees to refrain from engaging in any activity or having a personal interest that presents a conflict of interest. Sumnicht & Associates' employees, as well as all Access Persons, are required to disclose any transactions or relationships that reasonably could be expected to give rise to a conflict of interest.
4. **Confidentiality:** The Code of Ethics includes policies and procedures for maintaining the confidentiality of confidential information relating, among other things, to Sumnicht & Associates' clients. Employees, as well as Access Persons, are prohibited from disclosing any confidential information within the company (other than on a "need-to-know basis") or outside the company in the absence of appropriate confidentiality arrangements, or to regulators or legal authorities who have a legal right to receive such information.
5. **Gifts and Gratuities:** The Code of Ethics includes a limitation on the giving and receiving of gifts and gratuities by employees to items of small value.
6. **Compliance with Code of Ethics:** Sumnicht & Associates' Chief Compliance Officer is primarily responsible for implementing and administering the Code of Ethics. Employees, as well as Access Persons, are required to report any violations of the Code of Ethics or applicable laws. Failure to comply with the Code of Ethics may result in disciplinary action, up to and including termination.
7. **Other Provisions:** The Code of Ethics includes other provisions regarding insider trading, communications with media, honest and ethical conduct and fair dealing, the protection of corporate assets and corporate business opportunities, and the accuracy of the books and records and public records.

Sumnicht & Associates will provide a copy of the Code of Ethics to any client or prospective client upon request.

I. Brokerage Practices

Execution of Brokerage Transactions: (when applicable). If requested, Sumnicht & Associates will arrange for the execution of securities brokerage transactions for the account through broker-dealers that Sumnicht & Associates reasonably believes will provide "best execution." In seeking best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. Accordingly, although Sumnicht & Associates will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions. Sumnicht & Associates does not receive material soft dollar benefits from any broker-dealers or other third party in connection with procuring its research resources.

Transactions for each client account generally will be accomplished independently by the Firm's back-office support team at Envestnet unless Sumnicht & Associates decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Firm's clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's principal(s) and/or associated person(s) may invest, Sumnicht & Associates shall generally do so in accordance with the parameters set forth in the SEC No-Action

Letter, SMC Capital, Inc. The Firm shall not receive any additional compensation or remuneration because of the aggregation.

The client may direct Sumnicht & Associates to use a particular broker-dealer (subject to Sumnicht & Associates' right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Sumnicht & Associates. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than might otherwise be the case.

J. Review of Accounts

Client accounts are reviewed on a periodic basis (at least annually) as determined by client preference, client objectives and market conditions.

Applicable qualified custodians send account statements directly to clients (account owners) on at least a quarterly basis; account statements describe net asset value, asset holdings, and transaction details. Upon receipt, clients should carefully review these statements.

K. Client Referrals and Other Compensation

The Firm does not currently intend to use paid solicitor referrals. If the Firm does decide to make use of such referrals in the future, procedures will be adopted at that time.

L. Custody

- 1. Selection of Custodians/Broker Dealers:** Some factors which Sumnicht & Associates may consider in introducing a particular broker-dealer/custodian to clients include financial strength, reputation, execution, pricing, and service. The brokerage commissions and/or transaction fees charged by the designated broker-dealer/custodian are in addition to Sumnicht & Associates' investment management fee. Clients are able to choose their own custodian/broker-dealer and when they exercise this ability, they may incur the direct and incremental costs associated with their selected service provider. Such costs may be higher than those custodians/broker-dealers introduced by Sumnicht & Associates. To the extent that the client directs Sumnicht & Associates to utilize a broker-dealer or custodian for the client's account, Sumnicht & Associates will not seek better execution services or prices from other broker-dealers.
- 2. Certain Custodians/Broker Dealers:** Fidelity serves as custodian for iSectors[®] accounts. The custodian provides each client (account owner) with reporting services, including monthly statements and year-end tax reports.
- 3. Sumnicht & Associates' Financial Independence from Custodians:** The Firm does not receive any portion of the fees charged by any custodian or broker-dealer introduced by Sumnicht & Associates.

M. Investment Discretion

Investment discretion of Sumnicht & Associates is discussed in Section B of this document.

N. Voting Client Securities

Sumnicht & Associates does not vote client proxies. Therefore, although the Firm may provide investment advisory services relative to client investment assets, Sumnicht & Associates' clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Sumnicht & Associates and/or the client shall correspondingly instruct each custodian of the assets to forward to the client or client's chosen representative copies of all proxies and shareholder communications relating to the client's investment assets.

O. Financial Information

No disclosure necessary.