

# Outside Manager Sample ADV Language

*Pro Tip: Choose **either** the blue or green text where both colors appear.*

## **Form ADV Part 2A, Item 4 – Advisory Services:**

When appropriate, we utilize the services of third-party investment advisers (“Outside Managers”) to assist with the management of Client accounts. We assist Clients in selecting an appropriate allocation model, completing the Outside Manager’s investor profile questionnaire, interacting with the Outside Manager and reviewing the Outside Manager. Our review process and analysis of Outside Managers is further discussed in Item 8 of this Brochure. Additionally, we will meet with the Client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account.

## **Form ADV Part 2A, Item 5 – Fees and Compensation:**

When an Outside Manager is used, the above fee schedule [includes / does not include] the Outside Manager’s fee. **The Outside Manager’s advisory fees, billing schedule, and payment procedures are set forth in their separate written disclosure documents, advisory agreements, and/or the account opening documents of your account Custodian.** At no point will the combined fee charged to the Client exceed 2% of assets under management. When an Outside Manager is used, the Outside Manager will debit the Client’s account for both the Outside Manager’s fee, and our firm’s advisory fee.

### **OR**

When an Outside Manager is used, the above fee schedule [includes / does not include] the Outside Manager’s fee. **[Specifically disclose the Outside Manager’s fee schedule].** At no point will the combined fee charged to the Client exceed 2% of assets under management. When an Outside Manager is used, the Outside Manager will debit the Client’s account for both the Outside Manager’s fee, and our firm’s advisory fee.

## **Form ADV Part 2A, Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss:**

Use of Outside Managers: We may refer Clients to Third Party Investment Advisers or advisory programs (“Outside Managers”). Our analysis of Outside Managers involves the examination of the experience, expertise, investment philosophies, and past performance of the Outside Managers in an attempt to determine if that Outside Manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the Outside Manager’s underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. Additionally, as part of our due diligence process, we survey the Outside Manager’s compliance and business enterprise risks. A risk of investing with an Outside Manager who has been successful in the past is that they may not be able to replicate that success in the future. In addition, we do not

control the underlying investments in an Outside Manager's portfolio. There is also a risk that an Outside Manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our Clients. Moreover, as we do not control the Outside Manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Form ADV Part 2A, Item 10 – Other Financial Industry Activities and Affiliations:**

Recommendations or Selections of Other Investment Advisers: As referenced in Item 4 of this brochure, our firm recommends Clients to Outside Managers to manage their accounts. In the event that we recommend an Outside Manager, we do not share in their advisory fee. *Our fee is separate and in addition to their compensation (as noted in Item 5 of this brochure)/Clients pay one single fee (as noted in Item 5), however our fee is separate to the Outside Managers compensation and the Outside Manager will deduct the single fee from client account(s) and remit our advisory fee to us.* In addition, you will be provided a copy of the Outside Manager's Form ADV 2A, Firm Brochure, which also describes the Outside Manager's fee. You are not obligated, contractually or otherwise, to use the services of any Outside Manager we recommend. Moreover, our firm will only recommend an Outside Manager who is properly licensed or registered as an investment adviser.

**Form ADV Part 2A, Item 12 – Brokerage Practices:**

*Add the following to what you already have in Item 12 in regard to blocking/aggregating trades:* Outside Managers may block Client trades at their discretion. Their specific practices are further discussed in their ADV Part 2A, Item 12.

**Form ADV Part 2A, Item 16 – Investment Discretion:**

*Add the following to what you already have in Item 16:* If our firm has engaged an Outside Manager to assist with the management of Client's portfolio, our firm has the discretion to direct the Outside Manager to buy or sell securities for Client's portfolio without obtaining prior Client approval for each transaction.