



# 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, 2016, we have made the following material changes:

- The firm’s name changed from AKT Wealth Advisors LP to Aldrich Wealth LP.
- Item 4 “Advisory Business” was substantially updated to include additional retirement plan distribution services provided to plan participants and related disclosures.
- Item 5 “Fees and Compensation” was substantially updated to reflect that the firm now bills all new clients in advance and changes to: fees, fee schedules, and billing procedures and arrangements.
- Item 12 was updated to describe the firm’s participation in TD Ameritrade’s institutional advisor program and related disclosures.
- Item 14 was updated to describe the firm’s participation in TD Ameritrade’s AdvisorDirect referral program and related disclosures.
- The following affiliated entities of Aldrich Wealth LP experienced name changes:
  - AKT LLP is now Aldrich CPA’s and Advisors LLP.
  - AKT Retirement Plan Services LP is now Aldrich Retirement Solutions LP.
  - Cache Pension Services merged with Aldrich Retirement Solutions LLP.
  - AKT Benefit Advisors LP is now Aldrich Benefits LP.
  - AKT Business Transitions LP is now Aldrich Business Transitions LP.
  - AKT Group LLP is now Aldrich Services, LLP, aka Aldrich Group.

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 Client Services 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 20 individuals. No one individual owns more than 10%.

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 retirement plans within its Corporate Retirement Plan 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 on a discretionary or non-discretionary basis as granted by the client in a written advisory agreement. To Private Wealth clients, 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. Discretionary investment management for clients within the Corporate Retirement Plan Services Division grants the authority to add and/or remove securities from the participant investment line-up, but not to actually direct the specific investment decisions of the plan participants. Certain exceptions apply to this limitation, such as the need to default participant investment elections when no affirmative choice is made, or the need to transition participant investment choices within a particular asset class when securities are being removed from the investment line-up.

If investment management services are offered on a non-discretionary basis to Private Wealth clients or Corporate Retirement Plan Services clients, then our services are similar, but our recommendations must be followed by written approval from clients before implementation.

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 will 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, 2016 account values, Aldrich Wealth LP had discretionary management authority over approximately \$898,307,619 and non-discretionary management authority over approximately \$32,019,891 in client assets.

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. The SAM will tailor its advice to a specific individual client of Aldrich Wealth LP. 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 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 may recommend an investor roll over plan assets to an IRA managed by the Aldrich Wealth. As a result Aldrich Wealth and its representatives may earn an asset-based fee (see Please Note below). 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 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) employer stock tax consequences, if any.

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.

Please note: If Aldrich Wealth's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, *or if Aldrich Wealth also advises on*

*the client's employer plan for the same or greater fee*, regardless of custodian or the client's decision to process rollover, the above economic incentive to recommend a rollover is generally not present. Aldrich Wealth's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding its perspective engagement and the corresponding conflict of interest presented by such engagement.

## Item 5 – Fees and Compensation

Compensation to Aldrich Wealth LP for its services will be calculated quarterly, in advance, 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 majority of our clients that initiated a relationship with us prior to July 1, 2016, are billed in arrears, according to their existing agreement.

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. 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%
\$500,000 to \$2 million	1.00%
\$2 million to \$5 million	0.80%
\$5 million to \$10 million	0.60%
\$10 million and up	0.50%

Client assets are billed at a flat 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 \$1 million	1.00% or \$3,750 (the greater)
\$1 million to \$2.5 million	0.50%
\$2.5 million to \$5 million	0.40%
\$5 million to \$10 million	0.30%
\$10 million to \$20 million	0.25%
\$20 million and up	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. 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 New York Stock 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.

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 non-taxable accounts.

In many situations, Aldrich Wealth LP requires a client to have at least \$50,000 in manageable assets to be eligible for its investment management services, and at least \$1,500,000 to be eligible for its bundled services, which include investment management services, financial / estate planning and tax planning and tax preparation. These minimum dollar values are negotiable. Standard minimum account size for a self-directed corporate retirement plan is \$1,000,000 – but is also negotiable.

### **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). Aldrich Wealth LP has imposed minimum and maximum asset class levels to ensure portfolio diversification.

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 primarily uses registered funds or alternatives in a mutual fund vehicle. 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. Alternatives packaged in mutual funds offer daily liquidity, are easier to implement and support periodic rebalancing.

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's parent company, AKT Services, LLP, also owns Aldrich Services LLP (aka Aldrich Group), Aldrich CPA's and Advisors LLP, Aldrich Retirement Solutions LP, Aldrich Benefits LP, AKT Business Services PVT LTD, and Aldrich Business Transitions LP. AKT Services, LLP also owns AKT Global LLC, a holding company that has ownership in Modgene Pharma LLC and Alcedo Atthis Limited.

Aldrich Wealth LP shares fees and employees in some client arrangements with Aldrich CPA's and Advisors LLP and Aldrich Retirement Solutions LP. Aldrich CPA's and Advisors LLP provides accounting, tax, and consulting services and owns Gray Rabbit LLC, a holding company that has ownership in Firmcast. Aldrich CPA's and Advisors LLP also holds ownership in Hawthorne Exports 11-15, Inc. Aldrich Retirement Solutions LP provides corporate retirement plan administration and consulting and owns AKT RPS International LLC, a holding company. Aldrich Benefits LP provides group health benefit, life, and disability insurance services. AKT Business Services PVT LTD provides corporate retirement plan administration and investment analysis support. Aldrich Business Transitions LP provides consulting services related to various types of business transitions. Aldrich Services LLP acts as a manager for all operating entities. Aldrich Wealth LP also shares a physical location with several of these firms.

## 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 Client Services.

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. The client will make the final decision of custodian to be used by signing the account application. Aldrich Wealth LP does not currently have the capacity to negotiate commission rates with custodians.

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 its participation in the Program.

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 the institutional advisor programs offered by Charles Schwab & Co. and TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC. Both Charles Schwab & Co. and TD Ameritrade Institutional are unaffiliated SEC-registered broker-dealers and FINRA members. Aldrich Wealth LP receives some benefits from Charles Schwab & Co and TD Ameritrade through its participation in these programs. Aldrich Wealth LP may recommend either Charles Schwab & Co. or TD Ameritrade Institutional to clients for custody and brokerage services. There is no direct link between Aldrich Wealth LP's custodial relationships and the investment advice it gives to its clients, although Aldrich Wealth LP receives economic benefits through its relationships that are not typically available to the retail investors at these custodians. 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; 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. Custodians may also occasionally pay for business consulting and professional services received by Aldrich Wealth LP's related persons. The benefits received by Aldrich Wealth LP or its personnel 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.

Aldrich Wealth LP may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting 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 place 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 services. Aldrich Wealth LP pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Aldrich Wealth LP ("Solicitation Fee"). Aldrich Wealth LP will also pay TD Ameritrade the Solicitation Fee on any advisory fees 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.

Aldrich Wealth LP also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include software availability from Envestnet/Tamarac which allows Aldrich Wealth LP to provide reporting and supplemental client services, which is significant to our service model, and the information provided to our clients. TD Ameritrade provides the Additional Services to Aldrich Wealth LP in its sole discretion and at its own expense, and Aldrich Wealth LP does not pay any fees to TD Ameritrade for the Additional Services. Aldrich Wealth LP and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Aldrich Wealth LP's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Aldrich Wealth LP, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Aldrich Wealth LP's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Aldrich Wealth LP, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Aldrich Wealth LP may have an incentive to recommend to its 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. Aldrich Wealth LP's receipt of Additional Services does not

diminish its duty to act in the best interest of its clients, including to seek best execution of trades for client accounts.

### **Item 15 – Custody**

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.

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

### **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.*