

**KOVITZ INVESTMENT GROUP PARTNERS, LLC  
DISCLOSURE BROCHURE  
(FORM ADV PART 2A)**

**March 31, 2021**

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This disclosure brochure (“Brochure”) provides information about the qualifications and business practices of Kovitz Investment Group Partners, LLC (Kovitz). If you have any questions about the contents of this Brochure, please contact us at **312.334.7300** or at **info@kovitz.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 with the SEC does not imply a certain level of skill or training.

Additional information about Kovitz also is available on the SEC’s website at

**[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**



## ITEM 2. MATERIAL CHANGES

This section discusses only specific material changes that are made to this Brochure since the Brochure dated October 19, 2020. It does not describe other modifications to this Brochure, such as stylistic changes or clarifications.

As of October 6, 2020, Kovitz's affiliated broker-dealer, Kovitz Securities, LLC, submitted withdrawal registration with FINRA and the SEC. This withdrawal of registration was approved by the SEC on December 5, 2020. As of October 1, 2020, Kovitz no longer used Kovitz Securities, LLC as a broker-dealer for the execution of its advisory business. Therefore, any mention of Kovitz Securities, LLC has been removed.

Kovitz Insurance Services, LLC, an affiliate of Kovitz, has entered into a referral arrangement with a third-party for life insurance products. Please refer to Item 10 Other Financial Activities and Affiliations for additional details.



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## ITEM 4. KOVITZ INVESTMENT ADVISORY BUSINESS

Kovitz is an investment adviser that provides investment management, wealth management, and financial planning services. Kovitz has over 80 employees, and we provide our services to individual and institutional clients. Our institutional clients include endowments, employee benefit (ERISA) plans, corporations, and other entities. We provide our services from three main locations: our headquarters in Chicago (“Chicago Office”), and from our offices in Orange County, California (“California Office”), and Madison, Wisconsin (“Madison Office”).

As of December 31, 2020, Kovitz managed approximately \$6 billion of assets on a discretionary basis. We generally do not manage assets on a non-discretionary basis. In addition, we calculate our assets under management on a “net” basis (rather than gross), although the differences between the two are usually not significant.

Kovitz is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Kovitz is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2020, investment vehicles affiliated with Stone Point Capital, LLC (“Stone Point”) had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of eight directors on the Focus Inc. Board. As of the end of 2020, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. (“KKR”) had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of eight directors on the Focus Inc. Board. In the first quarter of 2021, Focus Inc. conducted a follow-on offering through which Stone Point reduced its ownership interest under 25% and KKR also reduced its ownership interest.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

### INVESTMENT MANAGEMENT – GENERAL

Our main business is providing discretionary investment advice to individuals and institutions in separate accounts (further described below under the section entitled “Item 16. Investment Discretion”). We primarily invest each of our client’s portfolios in equities (stocks) and/or fixed income (bond) securities. Each of our clients has his/her own account, and the equities and bonds in the account are usually individual securities.

We first consult with our clients to understand their financial situation, such as their objectives for asset growth, income and liquidity, principal protection, risk tolerance, and tax minimization.

Next we, based on the above information, recommend each client’s initial target asset allocation, generally meaning the percentage of stocks and bonds to be put in the portfolio. After working with the client to select an appropriate asset allocation, Kovitz generally implements it across the client relationship, or all of the client’s accounts (“allocation group”), to the extent feasible. Generally, Kovitz manages an asset allocation at the allocation group level, which means there will be variation as to asset allocation within a specific underlying account. In addition, if a client adds an account to their



relationship with us, we will add the account to the existing allocation group, with the agreed-upon asset allocation, unless directed otherwise by the client. We meet with our clients to understand their needs, circumstances and objectives, work with our clients' other advisers, and rebalance, and periodically review the client's asset allocation. We will consider the client's individual situation and the nature, position size, and suitability of specific securities when reviewing and making purchase and sale decisions for each of our clients. In this manner, we tailor our investment management services to the needs of our clients.

Our clients may restrict us in the management of their accounts, such as the amount, type, or identity of stocks or bonds to buy or sell, as long as they are reasonable, consistent with our professional responsibility and investment philosophy, and allow us to substantially implement our investment strategies.

Additionally, Kovitz is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. Kovitz is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, Kovitz is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

#### **INVESTMENT MANAGEMENT – CALIFORNIA OFFICE**

Kovitz also offers discretionary investment advice on individual securities to clients by way of its California office (formerly referred to as the "AFAM Division") through various strategies in separately managed accounts. The California Office's philosophy includes primarily investing in equity securities that are considered out-of-favor and undervalued by the investing public. The philosophy also includes holding them until they have reached what their investment team believes is a reasonable fair value, or until the team finds equity candidates with what it believes are more attractive risk/reward attributes, or the particular equity's risk/reward profile does not justify continued ownership. Additional details about the California Office's strategies are further described in the sections entitled, "Equities – California Office," "ETFs – California Office," and "The Prudent Speculator – California Office."

#### **INVESTMENT MANAGEMENT – MADISON OFFICE**

In addition, Kovitz offers discretionary investment advice through various strategies in separately managed accounts via its Madison Office (formerly referred to as the "NorCap Division"). The Madison Office's philosophy includes investing primarily in equity and fixed income securities, along with exchange-traded funds ("ETFs") and mutual funds. Client accounts in these strategies can solely hold equities, solely fixed income securities, or a combination of several security types. The philosophy of the Madison Office is suited for those who share their belief in long-term investment strategies. Additional details about strategies offered by the Madison Office are further described in the sections entitled, "Equities – Madison Office" and "Fixed Income Securities – Madison Office."

#### **EQUITIES – GENERAL**

For the equities portion of our clients' portfolios, we seek total return and long-term capital appreciation. Total return is generally viewed as a combination of dividends and other income and stock price appreciation. We look to maximize the investment return we achieve given the investment risk we take. We view risk as the odds of a permanent loss of capital and not volatility of returns. We emphasize the preservation of capital primarily by investing in companies we believe to be significantly undervalued. These companies are usually larger capitalized companies. We strive to achieve superior



long-term performance for our clients by purchasing stock in competitively advantaged and financially strong companies at prices substantially less than our assessment of their intrinsic (business) value. We approach buying equities for our clients as if we are part owners of businesses, not traders of stocks.

#### **EQUITIES – CALIFORNIA OFFICE**

The equity strategies (the ones that are currently “marketed” to current and prospective clients of the California Office) include the following:

- ◆ The Kovitz ValuePlus strategy (also known as “Kovitz Dividend Value,” which combined the strategies formerly known as “Al Frank Value” and “Al Frank Select Value”) includes both dividend and non-dividend paying stocks and seeks broad diversification through exposure to a significant number of major market sectors and industry groups. For client accounts in this strategy, the investment team in the California Office typically builds portfolios containing 70 – 90 stocks.
- ◆ The Kovitz Focused ValuePlus strategy (formerly known as “Al Frank Select Focused Value”) seeks long-term capital appreciation by investing in a more concentrated portfolio of stocks across major market sectors and industry groups. For client accounts in this strategy, the California Office investment team typically builds portfolios containing roughly 30 – 40 stocks.
- ◆ The Kovitz Dividend Income strategy (which combined the strategies formerly known as “Al Frank Dividend Value” and “Al Frank Select Dividend Value”) includes dividend paying stocks, and seeks broad diversification through exposure to a significant number of major market sectors and industry groups. For client accounts in this strategy, the California Office investment team typically builds portfolios of equally-weighted positions across at least 50 individual holdings.
- ◆ The Kovitz Focused Dividend strategy (formerly known as “Al Frank Select Focused Dividend”) seeks long-term capital appreciation and dividend income through mostly dividend-paying stocks, and seeks broad diversification through exposure to major market sectors and industry groups. For client accounts in this strategy, the California Office investment team typically builds portfolios that contain roughly 30 – 40 stocks.
- ◆ The Kovitz Small-Mid Dividend Value strategy (formerly known as “Al Frank Select Small-Mid Dividend Value”) includes primarily micro, small, and mid-cap dividend paying stocks, and seeks broad diversification to a significant number of major market sectors and industry groups, although market appreciation sometimes results in these stocks moving into what is known as the “large-cap” category. For client accounts in this strategy, the investment team in the California Office typically builds portfolios containing 70 to 90 stocks.
- ◆ The Prudent Speculator strategy generally mirrors the TPS portfolio (“TPS Strategy”), the basis for “The Prudent Speculator” newsletter (which is further described below). The TPS Strategy includes both dividend and non-dividend paying stocks and seeks broad diversification through exposure to a significant number of major market sectors and industry groups. For clients in the TPS Strategy, the investment team in the California Office typically builds portfolios that initially contain 70 to 90 positions.

#### **EQUITIES – MADISON OFFICE**

The primary goal of the equity strategies managed by the Madison Office (whether as part of stock-only portfolio, or as part of a “balanced” portfolio containing a mix of equities and bonds) is to provide performance returns from a diversified



portfolio of stocks that exceed appropriate benchmarks, such as the S&P 500 Index. The Madison Office's equity strategies typically include a mix of small-, mid-, and large-capitalization domestic and international stocks.

The investment team in the Madison Office uses internal and external research to help identify companies where the current market prices do not correctly reflect the team's opinion of the underlying value or future growth potential. The team's decisions to buy or sell securities are based on expected return, as well as the potential impact of the transactions on the applicable clients' overall diversification. For certain client account groups, the team also uses cash (and/or cash equivalents) as a way to help reduce market risk at times when it believes the overall stock market is unattractive on a risk/return basis, or to enhance the client's portfolio yield and/or liquidity.

#### **FIXED INCOME SECURITIES – GENERAL**

For the bond portion of our clients' portfolios, we focus on diligent execution and high credit quality. We take into consideration our client's tax situation, the type of issuer and bond, and general market conditions when we construct bond portfolios for our clients. Depending on the client's needs, market conditions, and pricing, we typically purchase the following types of bonds for our clients:

- ◆ Taxable, tax-free and alternative minimum tax (AMT) municipal bonds;
- ◆ Municipal bonds that are "pre-refunded" or "escrowed-to-maturity;"
- ◆ Corporate bonds;
- ◆ Structured notes (referred to as "steepeners"); and
- ◆ U.S. Treasury and government agency bonds.

Our goal is to capture excess yield without incurring additional risk. We try to accomplish this by patiently bidding on bonds owned by third party bond sellers, and by our willingness to buy odd (smaller) lots of bonds, bonds selling at a premium, bonds subject to AMT, and "sinking fund" bonds. The demand for these kinds of bonds is typically lower, and therefore we attempt to buy them at lower prices (and higher yields) for our clients.

The firm primarily uses a network of third-party dealers to help construct fixed income portfolios for clients. However, depending on the client's specific circumstances, the firm also buys bonds directly from the inventories of brokers that hold the clients' assets. Please refer to the "Directed Brokerage" section under "Item 12. Brokerage Practices" for examples of these brokers.

Our goal is for clients to hold bonds to maturity, and therefore we are less concerned about interim price changes. We do not keep bonds in an inventory for later sale to our clients. We buy bonds for direct allocation to specific client accounts based on the specific client's asset allocation and circumstances.

Depending on our specific client's investment objective, we will typically build a bond ladder of individual bonds maturing in different years in order to provide liquidity, an income stream, and to help guard against interest rate and credit risk.

#### **FIXED INCOME SECURITIES – MADISON OFFICE**

The primary goal of the fixed income strategy of the Madison Office (whether as part of a bond-only portfolio, or a balanced portfolio containing a mix of equities and bonds) is to provide performance returns from a diversified portfolio of bonds that exceed industry-recognized benchmarks, such as the Barclays Intermediate Government/Credit Index. The fixed income strategy typically includes a mix of U.S. Treasury and government agency bonds; investment and below-investment grade corporate bonds; convertible bonds; municipal bonds; mutual funds; and fixed income ETFs.



The Madison Office investment team evaluates and selects fixed income securities based on its assumptions about interest rates, the treasury yield curve, company-specific risk, and other variables that will impact the relative performance of the security. Similar to what it does for its equity (and balanced) strategies for certain client account groups, the team uses cash (and/or cash equivalents) when it believes that the fixed income market is unattractive on a risk/return basis or to enhance the client's portfolio yield and/or liquidity.

## OTHER TYPES OF SECURITIES

### OPTIONS

We use option transactions in conjunction with our day-to-day management of clients' equity investments. We primarily do this by selling covered calls. Our clients own the stock and, in return for a premium, we sell to a third party the right to buy the stock at a certain price by a certain date. We usually do this for tax reasons to extend the holding period so our clients can get more favorable long-term capital gains tax treatment. When option prices are volatile, we have also sold covered calls to generate income for clients and to manage their sector exposures. Typically, we will sell "at the money" calls (where the call strike price is near the underlying stock's market price) in order to maximize the premium that the client receives.

We also use other option strategies as a way for clients to earn income while waiting to invest their assets in our primary equity strategy. We accomplish this by, for example, buying or selling options on index-tracking ETFs, or by selling puts on our equity recommendations. The goal of these strategies is to supplement the firm's primary equity investment strategies as a way to enhance client returns.

## MUTUAL FUNDS

### Open-End Mutual Funds

Occasionally, we recommend investments in no-load, open-end mutual funds instead of individual equity or fixed income securities. We believe this is appropriate for diversification in smaller accounts below our recommended investment minimums (described below in the section entitled "Types of Clients") or to gain access to sectors outside of our core investment strategies, and usually at a client's request.

### Green Owl Intrinsic Value Fund

We manage an affiliated mutual fund, the Green Owl Intrinsic Value Fund (ticker: GOWLX) (Green Owl). Green Owl is an advisory client of Kovitz, and Kovitz generally intends to manage Green Owl according to the same strategy as that of its separate (equity) account clients that are managed by the investment team in the Chicago Office. Depending on the prospective client or client's investment objectives and risk tolerance, the Chicago Office generally recommends Green Owl for those advisory clients who have assets below our investment minimums (refer to the section below entitled "Types of Clients"), or otherwise for clients and prospective clients who we believe would be better served by the diversification that we intend for Green Owl to provide. Please refer to the Green Owl prospectus for more information, or the Green Owl website ([www.greenowlfund.com](http://www.greenowlfund.com)).

### Al Frank Fund

We also manage an affiliated mutual fund, the Al Frank Fund (ticker: VALUX/VALAX). The Al Frank Fund is an advisory client of Kovitz, and Kovitz generally intends to manage the Al Frank Fund according to the same strategy as that of its separate (equity) account clients that are managed by the investment team in the California Office. Depending on the prospective client or client's investment objectives and risk tolerance, the California Office generally recommends the Al Frank Fund for those clients who have assets below applicable investment minimums (refer to the section below entitled "Types of Clients"), or otherwise for clients and prospective clients who we believe would be better served by the



diversification that we intend for the Al Frank Fund to provide. Please refer to the Al Frank Fund prospectus for more information, or the website ([www.alfrankfunds.com](http://www.alfrankfunds.com)).

### **Absolute Capital Opportunities Fund**

In addition to the mutual funds noted above, we are the sole sub-adviser of an affiliated mutual fund, the Absolute Capital Opportunities Fund (ticker: CAPOX). The primary adviser of CAPOX has hired us to manage the fund consistent with, and according to the same long/short equity strategy as our affiliated hedge funds (which we further describe below). Depending on the prospective client or client's investment objectives and risk tolerance, we also recommend CAPOX to our clients as a way to diversify a traditional portfolio of equity and bond investments. Our goal is for CAPOX investors to achieve returns that do not always directly relate to those in the equity markets, and to preserve capital significantly better than "unhedged" equity investments. We believe CAPOX is suitable for advisory clients who have assets below our "separate account" or hedge fund investment minimums, and for those who desire daily liquidity, as it is a publicly-registered mutual fund. Please refer to the CAPOX prospectus for more information, or the CAPOX website ([www.absolutedadvisers.com/absolute-capital-opportunities-fund/fund-overview](http://www.absolutedadvisers.com/absolute-capital-opportunities-fund/fund-overview)).

### **ETFS – GENERAL**

Similar to our approach with open-end mutual funds, we occasionally recommend investments in ETFs instead of individual equity or fixed income securities. We believe this is appropriate for diversification in smaller accounts below our recommended investment minimums, to gain access to sectors outside of our core investment strategies, or at a client's request.

### **ETFS – CALIFORNIA OFFICE**

Aside from our general use of ETFs in the context described above, the California Office recommends strategies that invest in portfolios of ETFs, with the goal of outperforming applicable benchmarks on a risk-adjusted basis through diversification; active management; style integrity; minimized security selection risk; trading; and cost efficiency. The California Office offers the following ETF strategy:

### **Kovitz Global Value (also known as Dynamic Portfolio Series ("DPS"))**

DPS is an ETF strategy that combines the California Office's long-term oriented domestic equity strategy with a "country rotation" strategy, and then further combines it with fixed income securities. The strategy includes "tactical" management of portfolio-level exposures to valuation and momentum factors over time. For the country rotation segment of the strategy, the investment team considers investment in over 40 international equity markets, and aims to invest in countries with fundamentally strong economies. DPS seeks to provide favorable returns through income-generating stability through fixed-income, international adaptability, and patient selectivity in domestic equities. The strategy is offered to clients in several different ways, depending on the client's risk tolerance.

### **ETFS – MADISON OFFICE**

The Madison Office's strategies occasionally use ETFs with the goal of increasing diversification and enhancing returns. The investment team believes certain ETFs can provide client portfolios with exposure to investment opportunities that fall outside the team's traditional research universe, such as market segments (market capitalization or style), international, alternative investment, or sectors where the team believes that individual stock selection does not adequately reflect the desired exposure for the client.

### **ETFS – HEDGED FUNDS AND RELATED ACCOUNTS**

In managing our affiliated hedge funds and certain separately managed accounts (described below under "Hedge Funds"), we take short positions in ETFs that are sometimes held as long positions in individual advisory client accounts. We acknowledge the potential conflict of interest in making such recommendations. However, we believe that it is not



inconsistent or disadvantageous to a particular client to use ETFs in the hedge funds as part of an overall hedging strategy (and not necessarily as an assertion of our view on the sector covered by the ETF), and also as a way to gain exposure in a diversified manner to that same sector for a particular advisory client. We have considered that it is unlikely that our trading activities would impact the price of ETFs, and that their use for individual advisory clients is not a significant part of the firm's overall assets under management.

#### **COLLATERALIZED MORTGAGE OBLIGATIONS**

If suitable for a particular client, we also recommend investments in collateralized mortgage obligations (CMOs), also known as mortgage-backed securities (MBS). This recommendation depends on the client's investment objectives and risk tolerance, and is part of the client's overall asset allocation.

#### **HEDGE FUNDS AND OTHER PRIVATE PLACEMENTS**

Kovitz manages hedge funds in which clients and others are solicited to invest. All such funds are limited to accredited investors. The hedge funds generally invest in equities and options. Kovitz also provides services to, or certain of its employees are otherwise involved in several private real estate funds in which clients and others have been solicited to invest. These funds are limited to accredited investors, and their objectives are to invest in properties across the real estate sector, including industrial, commercial, and residential. In addition, certain of Kovitz's executive officers own a separate company that sponsors and manages private equity funds. All such funds are limited to accredited investors. The private equity funds' primary investment objectives are to acquire controlling interests in existing companies and to make other investments.

#### **WRAP AND UNIFIED MANAGED ACCOUNT PROGRAMS**

We also participate in several wrap, Unified Managed Account (UMA), and other "turnkey" asset management programs (TAMPs), although we do not "sponsor" any such programs. In these cases, the sponsors of such programs typically have contracts directly with their clients to perform various types of investment management services. For UMA programs, the sponsors hire us to deliver "model" portfolios to them. We generally apply the same equity investment philosophy and strategy for clients of wrap and UMA programs as we do for our own separate account clients, depending upon the strategy for which they've hired us, and depending upon any restrictions, limitations, or specific directions that the sponsors or their clients give to us. The sponsors of the wrap and UMA programs generally charge their clients an aggregated or "all-inclusive" fee, and we receive a portion of those fees.

#### **THE PRUDENT SPECULATOR – CALIFORNIA OFFICE**

Kovitz publishes "The Prudent Speculator" ("TPS"), an investment newsletter which is written by the investment team in the California Office, and charges an annual subscription fee. TPS provides frequent commentary about the financial markets, macro-economic trends, and individual equities to subscribers. TPS also issues commentaries centered around equity recommendations, provides "sales alerts" when the TPS "newsletter portfolios" sell certain equities, and provides subscribers access to holdings reports. The holdings reports allow subscribers to "mirror" the activities and holdings of their own personal securities accounts to TPS recommendations if they wish. Separate account clients in the firm's California Office receive a complimentary subscription to TPS.

#### **FINANCIAL PLANNING SERVICES**

Kovitz also provides financial planning services (Planning Services) to certain investment management clients. The Planning Services include the following: analyses regarding retirement cash flows; goal identification and funding; Monte Carlo simulations; education funding; estate planning; tax planning; and charitable giving. Kovitz determines client eligibility for Planning Services on a case-by-case basis. Kovitz will consider the size of the client relationship and whether the client uses other financial advisers in determining whether to offer Planning Services. Kovitz generally does not charge fees for Planning Services in addition to the fees it charges for investment management services.



The scope of Planning Services are agreed upon by Kovitz and the client, although Kovitz and its clients typically do not execute formal, written “agreements” in this context, as Kovitz provides the services to complement its day-to-day, ongoing investment management services. Kovitz acknowledges that if it provides Planning Services and investment management services to a particular client, there is a potential conflict of interest in making and implementing planning and investment recommendations to the client. The conflict is that the planner is a Kovitz employee and will have an incentive to choose to use or recommend Kovitz as investment manager. We believe that the conflict is addressed by the aligned long-time horizon of the client, the Kovitz planner, the Kovitz investment professionals, and by the fact that the Kovitz employees are not compensated in a manner that will incentivize inconsistent or short-term recommendations.

Kovitz uses a combination of its Certified Financial Planner™ (CFP®) Professionals, non-CFP Professionals, and certified public accountants (CPAs) in the process of gathering and analyzing client information, in providing recommendations to the client, and in providing Planning Services.

#### **FAMILY OFFICE SERVICES**

In addition to Planning Services, Kovitz offers “Family Office Services” to certain investment management clients. The Family Office Services include the following: comprehensive reviews and monitoring of clients’ investment assets, including investment strategies and assets that are not directly managed by Kovitz; tax planning; family succession planning and education; bookkeeping; insurance advice; and bill paying services, among other things. Kovitz determines eligibility for Family Office Services on a case-by-case basis. Kovitz typically charges fixed, hourly, or “project-based” fees for Family Office Services, depending on the nature of services provided. These fees are separate from the firm’s standard “asset-based” fees that it charges for ongoing investment management.

Kovitz uses a combination of its Certified Financial Planner™ (CFP®) Professionals, non-CFP Professionals, and CPAs in the process of providing Family Office Services to clients.



## ITEM 5. FEES AND COMPENSATION

We charge our individual clients an annual fee (typically payable quarterly in advance) based on the fair market value of assets under management as of the last day of the previous calendar quarter. We can change our fees if we give prior written notice to clients. If a client relationship ends, we will use the date of termination to value the account to calculate the final fees that we owe to the client. We prorate fees using the termination date and we reimburse clients for any portion of collected fees we do not earn.

### STANDARD FEE SCHEDULE

Our “standard” fee schedule for separate accounts is below:

- ◆ 1% per annum of all assets up to \$5,000,000;
- ◆ 0.85 of 1% per annum on all assets \$5,000,001 - \$10,000,000;
- ◆ 0.75 of 1% per annum on all assets \$10,000,001 - \$20,000,000;
- ◆ 0.65 of 1% per annum on all assets \$20,000,001 - \$35,000,000;
- ◆ 0.55 of 1% per annum on all assets \$35,000,001 - \$50,000,000;
- ◆ 0.50 of 1% per annum on all assets over \$50,000,000;

If assets are below a \$1,000,000 minimum, fees are 1.25% per annum on all assets.

We are willing to negotiate fees, depending on the aggregate size or nature of a relationship, including for large individual or institutional clients, wrap arrangements, model, or other types of “platform” relationships. Also, fee schedules for our clients, including those in the California and Madison offices, can vary and be higher than the standard schedule shown above. This is due to various factors, including, but not limited to, many being “legacy” in nature, or were in place before their respective acquisition by Kovitz. In these cases, advisory fee calculations are typically based on either “tiered,” “level,” or “flat” fee schedules. These accounts can contain one security type, or a mix of stocks, bonds, ETFs, or mutual funds. Additionally, Kovitz waives the annual fee for employees and some of their family members.

In addition, for the firm’s Family Office Services, clients typically pay fixed, hourly, or “project-based” fees, depending on the nature of the services provided. Similar to management fees, they are negotiable on a client-by-client basis.

Usually, we deduct our management fees from client accounts. We also invoice certain clients for our fees. Clients may choose which method of payment they prefer.

In billing our client accounts for management fees, we typically “group” them by family (or “household”) as a way for clients to reach breakpoints, such as those shown above in our standard fee schedule. In addition, we, at our discretion, group multiple households or multiple client relationships together for purposes of reaching fee breakpoints. Under these circumstances, we acknowledge that individual clients or client households may not have complete control over whether or not they reach fee breakpoints. In other words, one client’s decision to increase or decrease their assets under Kovitz management may affect whether or not another (and sometimes unrelated) client will reach a breakpoint. Clients should understand that the grouping of accounts within households, or across multiple households or relationships for purposes of reaching fee breakpoints, is solely at our discretion.

Our recommendations with respect to asset allocation are based on what we believe are our responsibilities as investment professionals, our fiduciary obligations, and when considering factors such as: client age, liquidity needs, tax-specific



situations, and investment time horizon, among others. We also consider these factors when making recommendations specifically related to rollovers of retirement account and benefit plan assets.

#### **TPS FEES**

The standard subscription rates for TPS are: \$495 for two years, \$295 for one year, or \$28 per month.

#### **OTHER FEES AND EXPENSES**

We invest certain client assets in open and closed-end mutual funds and ETFs. Mutual funds and ETFs pay advisory fees to their own managers, and they pay brokerage commissions when their managers execute transactions. These fees and commissions are on top of the advisory fees we charge the client, and the commissions that the client pays to his/her broker when we buy and sell such mutual funds and ETFs in the client's account.

The firm's general policy is to not receive compensation from unaffiliated firms in connection with mutual fund purchases in managed client accounts, such as 12b-1 trail commissions from mutual funds, or from money market funds in which Kovitz invests clients' cash balances.

With respect to Green Owl, CAPOX, the Al Frank Fund, and our affiliated hedge funds, clients that hold such investments in their Kovitz-managed accounts do not pay management fees in addition to the management fee that Kovitz charges to such products themselves. In other words, there is no "layering of fees" in such circumstances.

We recognize the conflicts of interest in recommending Green Owl, CAPOX, or the Al Frank Fund instead of other investments to clients. These conflicts include:

- ◆ Our incentive to "steer" client assets into the funds to make them more attractive to the public with respect to asset-raising efforts;
- ◆ Growth in the funds allows for spreading of costs over a larger asset base. Green Owl, CAPOX, and the Al Frank Fund currently have an "expense cap" in place. For Green Owl and the Al Frank Fund, we as the primary adviser have agreed to reimburse the funds for costs that exceed the cap. Similarly, for CAPOX, the primary adviser has agreed to reimburse the fund for costs that exceed its expense cap. Asset growth in each of the funds over time will likely result in lower amounts of reimbursements. In addition, we have an incentive to invest clients in CAPOX, as the fees which we receive from the primary adviser will increase, depending on the size of the fund's asset base. Under these scenarios, we will receive a benefit;
- ◆ Our employees occasionally use our affiliated mutual funds as "placeholders" or substitute for individual equities or other investments in client accounts instead of holding money market funds or cash. As the firm implements its management strategies, we sell shares of these funds to make cash available for other investments. There is an incentive, therefore, for our employees to hold these affiliated mutual funds in client accounts, as they pay higher management fees to Kovitz than the standard management fee (see the Standard Fee Schedule above).
- ◆ In selecting Green Owl, CAPOX, or the Al Frank Fund for a client's accounts we are, by definition, not selecting another mutual fund which is unaffiliated with Kovitz, and which may have a lower management fee or may achieve (or may have already achieved) greater recent performance returns.

To address these conflicts, and as we have noted above, depending on the prospective client or client's investment objectives and risk tolerance, we generally recommend Green Owl, CAPOX, or the Al Frank Fund for those advisory clients who have assets below our investment minimums. We also limit our recommendations to those clients and prospective



clients who we believe would be better served by the diversification (or in the case of CAPOX, the hedging opportunity) that we intend for these funds to provide. In addition, while we have discretion to invest our clients in Green Owl, CAPOX, or the Al Frank Fund, we discuss these decisions (or recommendations) in connection with our initial and periodic asset allocation discussions with clients. With respect to our existing advisory clients, Green Owl and the Al Frank Fund are primarily intended for those accounts below our investment minimums where, by choosing Kovitz as investment manager, the client has expressed his/her desire to invest in one of our firm's equity strategies. Therefore, we believe it is in the client's best interest for us to invest them in a mutual fund that is as close to our strategies as possible. Finally, for IRAs and ERISA accounts we follow the requirements of Department of Labor's prohibited transaction exemption 77-4. Kovitz discloses the fees associated with Green Owl, CAPOX and the Al Frank Fund and the client consents to the purchase prior to investment.

Kovitz directly or indirectly receives fees in consideration for its management of the hedge funds described above in amounts described in the prospectuses and other offering documents for those investments. We generally charge an annual management fee, and performance-based fees, as described below.

Investment management fees that we charge for our client accounts, hedge funds and mutual funds are in addition to any brokerage commissions, custodial fees, transaction fees, and other related costs and expenses. The hedge funds and mutual funds are also subject to administrative, tax preparation, consulting, legal, audit, and any other types of professional expenses. In addition, the hedge funds reimburse Kovitz for certain expenses, or portions of expenses, that are paid by Kovitz. Please refer to the applicable offering documents or offering materials for more information.

#### **IRAS AND BENEFIT PLANS – OTHER FEES AND EXPENSES; CONFLICTS OF INTEREST**

For clients for whom we manage their individual retirement account (IRA) or benefit plan, these clients typically pay trustee fees and custodial fees if the client chooses or uses these services. Kovitz's preferred IRA trustee charges each applicable account a nominal annual fee. The client will pay brokerage costs, and the amount will depend on the brokerage firm executing the client transactions. Brokerage is discussed in greater detail in the section entitled "Item 12. Brokerage Practices." If a client selects the IRA or benefit plan trustee, the custodian, or the broker, we are not able to control the amount of these fees. Kovitz is generally unable to negotiate these fees on behalf of the client. However, in some cases, we have the ability to waive, or otherwise absorb the periodic fees that IRA/benefit plan clients pay. We do this occasionally, at our sole discretion.

#### **KOVITZ CARES FOUNDATION; CONFLICTS OF INTEREST**

Several of Kovitz's employees are involved in a charitable organization called the Kovitz Cares Foundation (Kovitz Cares). Kovitz Cares primarily focuses on organizing volunteer projects for Kovitz employees and raising funds to donate to charities.

While Kovitz employees are not compensated for their involvement with Kovitz Cares, a conflict exists in that the firm solicits donations from its clients, its vendors, and other parties in carrying out the foundation's activities. We also acknowledge that Kovitz employees serve on boards of directors or are otherwise involved in charitable organizations with whom Kovitz Cares has relationships. We have an incentive to direct clients and other parties to certain vendors if they decide to sponsor a charitable event sponsored by Kovitz Cares. Also, there is a risk that we will give preferential treatment to certain clients over others or use certain vendors or other parties (or recommend them to clients) based on their involvement with Kovitz Cares, rather than based what is in our clients' best interests. In instances where trade gains can be made to charitable organizations, Kovitz is able to receive an economic benefit if it chooses to donate such gains to Kovitz Cares, as these donations are tax-deductible.



We believe we have taken steps to address these conflicts in the following ways:

- ◆ Our investment management and trading processes are largely centralized, reducing the risks of preferential treatment to certain clients, regardless of the circumstances;
- ◆ Kovitz does not actively solicit clients to sponsor events or other activities related to the business of Kovitz Cares;
- ◆ The Kovitz employees that are primarily involved in Kovitz Cares are not involved in vetting and approving firm vendors; and
- ◆ The firm maintains policies and procedures regarding trade error resolutions (refer to the Trade Error discussion under the section below entitled, “Item 12. Brokerage Practices”).

#### **FAMILY OFFICE SERVICES; FIXED FEES**

Kovitz’s Family Office Services charges a fixed fee to clients for the value-added services they are providing to the client. This fixed fee is in addition to the annual management fee, if applicable, charged to the client for managing their assets. The fixed fee is normally charged on a quarterly basis and covers, among other things, bill paying, tax planning and philanthropic endeavors.



## ITEM 6. PERFORMANCE- BASED FEES/SIDE-BY-SIDE MANAGEMENT

As we described above, we charge quarterly investment management fees for providing investment management services to our advisory clients.

We charge performance-based fees to our affiliated hedge funds (which are open to new investors) and certain other separate accounts that we manage alongside our hedge funds. These fees are generally a percentage of net profits, subject to a high-water mark. We also receive management fees and performance-based servicing fees in connection with the real estate funds discussed above. In addition, certain of our executive officers own a separate company that sponsors and manages private equity funds. They receive compensation based on their ownership of the private equity funds' manager, and based on the ongoing management and performance-based fees that the funds pay to the manager. Kovitz's employees receive a portion of the management fees and performance-based fees when they recommend or refer clients to the affiliated hedge funds, real estate funds and private equity funds.

This is a conflict of interest in that Kovitz and its employees have an incentive to recommend that clients invest in the potentially riskier and less liquid and higher fee-paying hedge funds and other private placements over separate account management because the funds pay higher management fees and also performance-based fees. We have an incentive to devote more time and resources to the hedge funds and other private placements over our advisory clients who only pay investment management fees and not performance-based fees. In addition, performance-based fees create an incentive for us to make investments that are riskier or more speculative than we would if we did not charge performance-based fees. Also, this creates an incentive to over-value investments that do not have readily-available market values.

We have designed our policies regarding trade allocation, valuation, and our Code of Ethics to help address these risks:

### KOVITZ'S AFFILIATED HEDGE FUNDS AND OTHER PRIVATE PLACEMENTS

- ◆ Kovitz's affiliated hedge funds and other private placements are not suitable for all clients, they are not permitted for certain clients, and we do not market them to the general public. As described above, we first consult with our clients to determine the nature of their financial condition, their financial objectives, income and liquidity needs, desire and need for principal protection, risk tolerance, and tax sensitivities. We also assess the client's investment sophistication, net worth, and eligibility in determining whether it is suitable to recommend investments that pay performance-based fees;
- ◆ The affiliated hedge funds and other private placements have a different investment objective, require a higher risk tolerance, have a different investment strategy, and are usually less liquid than investments held in our non-private placement advisory clients. The hedge funds and other private placements invest in securities or other assets in which non-private placement investors do not invest;
- ◆ When the hedge funds invest in the same securities as non-hedge fund investors, we generally execute those transactions around the same time. However, because the hedge funds generally use different brokers (where applicable) than our separate account clients, we do not necessarily apply the same average price across all participating client accounts and hedge funds. To address this, we have implemented trade rotation policies and procedures. In connection with "firm-wide" trades, we rotate executions across several client account "groups" (for example, one group is comprised of our hedge funds and certain related



separate accounts). We have created client groups based on, among other things, the custodian(s) of client accounts, and whether or not we have substantial control over the trade execution process. Our goal is to achieve fairness of execution over time across our entire client base;

- ◆ Kovitz does not exercise discretion with respect to investing client assets in its affiliated hedge funds and other private placements (that is, the client must choose to invest in such funds);
- ◆ Many of the investors in the affiliated hedge funds and other private placements are also separate account advisory clients of Kovitz, and these clients' non-private placement assets under management usually significantly exceed their investments in the private placements. This creates a disincentive for Kovitz to favor the private placements over separately managed accounts;
- ◆ Kovitz does not charge fees in a manner which results in charging more than once on certain assets (sometimes referred to as "double dipping"); and
- ◆ The allocation of investments in private investments or limited investment opportunities across client portfolios is generally not executed on a pro rata basis as a number of factors will determine whether the private or limited offering is appropriate or suitable for a client. Accordingly, such opportunities may be allocated based on another approach, including random selection, selection based on account size or another methodology. Factors which may impact the allocation, include but are not limited to: client acceptance, account size, liquidity, investor qualification and risk tolerance. We note that private investments or limited investment opportunities may not be appropriate for smaller accounts, depending on factors such as minimum investment size, qualification status, account size, risk, and diversification requirements, and accordingly may not be allocated such investments;

◆

#### **GREEN OWL AND THE AL FRANK FUND**

With respect to Green Owl, and as noted above, Kovitz generally intends to manage Green Owl according to the same primary equity strategy as that of its separate (equity) account clients (i.e., side-by-side). In addition, the investment team in the California Office manages the Al Frank Fund according to the same strategy as that of its separate account clients. Subject to day-to-day cash flows in Green Owl or the Al Frank Fund (which result from underlying shareholder activity over which Kovitz does not have complete control), Kovitz generally intends to transact in the same securities as in its clients' separate accounts, and apply an average price to such transactions. If we cannot complete the entire desired transaction for all clients, we use a lottery system to determine on a random basis which clients will receive an allocation of the intended transaction. However, specifically with respect to Green Owl, we allocate purchases or sales on a pro rata basis when using our lottery "system." With respect to the Al Frank Fund, the California Office generally groups transactions in the fund with its separate client accounts that are managed according to a similar investment strategy.



## ITEM 7. TYPES OF CLIENTS

We provide investment management services to:

- ◆ Individuals (primarily those with a high net worth) and their related accounts such as IRAs, trusts, partnerships, and custodial accounts;
- ◆ Retirement/benefit plans such as 401(k) and profit-sharing plans;
- ◆ Accounts of small businesses;
- ◆ Institutional clients, such as Taft-Hartley plans and other entities, such as corporations, limited partnerships, and limited liability companies;
- ◆ Charitable foundations and other not-for-profit organizations; and
- ◆ Affiliated private placements (described above).

As noted above, we also have several “wrap,” “model,” and TAMP arrangements where we provide a model portfolio to the primary advisers’ clients.

In addition, we act as a sub-adviser to CAPOX, which we manage according to an investment strategy that is similar to the strategy of our affiliated hedge funds, and which we recommend for our separate account clients (refer to our discussion of CAPOX in various places throughout this Brochure. Please also refer to the CAPOX prospectus for more information, available at [www.absoluteadvisers.com/absolute-capital-opportunities-fund/fund-overview](http://www.absoluteadvisers.com/absolute-capital-opportunities-fund/fund-overview)).

Lastly, we act as investment adviser to Green Owl, and to the Al Frank Fund (refer to our discussions of Green Owl and the Al Frank Fund in various places throughout this Brochure. Please refer to the Green Owl prospectus for more information, available at [www.greenowlfund.com](http://www.greenowlfund.com), and the Al Frank Fund prospectus for more information, available at [www.alfrankfunds.com](http://www.alfrankfunds.com)).

## INVESTMENT MINIMUMS

We inform clients that we generally require a \$1,000,000 minimum initial relationship for separate accounts, although with respect to the firm’s California Office and Madison Office, the general investment minimum is \$500,000. We reserve the right to waive these minimums at our sole discretion.



## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

Investing in securities involves the risk of loss, and the loss may be permanent, and clients should be prepared to bear that risk. We try to manage that risk for our clients by considering the client's financial condition, financial objectives, income and liquidity needs, desire and need for principal protection, risk tolerance and tax sensitivities, and by managing and periodically rebalancing the client's assets to a target asset allocation. We also manage this risk of loss by diligent security selection. We discuss this issue in more detail below.

The following discussion is limited to our investment strategies, methods of analysis, and risks relating to individual equities, ETFs, and fixed income securities (including CMOs). These are the strategies and securities that we believe are the most relevant in our relationships with our advisory clients.

### EQUITIES

#### **Investment Philosophy and Strategy**

Our equity selection philosophy is based on adopting a business owner mentality and adhering to a "Margin of Safety" principle. Risk of loss from an investment in equities can arise from faulty assumptions about a company's intrinsic value, including assumptions as to normalized earnings, growth of earnings, and the company's competitive advantage. We try to pay a price significantly below our estimate of intrinsic or private business valuation. This approach attempts to mitigate risk of permanent loss of capital should our analysis or assumptions prove inaccurate. We apply this methodology and analysis diligently.

#### **Discipline**

We look to invest in industry leading, prudently capitalized (focus on use of leverage) companies that have a competitive advantage. We are very focused on the price we pay. We will pay a price we believe is significantly below intrinsic value and we are willing to wait for the market to realize that value. Intrinsic value is based on the discounted value of future cash flows. We do not decide to buy, sell, or hold stocks based on what others think the market or the economy is going to do, but based instead on how the intrinsic value of the business compares to the market price of the stock. We select (or hold) clients' equities in much the same way we would evaluate a business if we wanted to buy or keep the whole company.

#### **Patience**

We believe that having a long-time horizon is an advantage to investing successfully (outperforming a benchmark over multi-year periods). Our business structure allows us a long-time horizon as the interests of the client, the planner, and the investment manager are aligned. Our decisions are based on long-term business values rather than short-term events or analysts' reports. Our client base shares our long-time horizon, and we believe this is an advantage with respect to investing.

#### **Perspective**

While we strive to maximize return, we stress the importance of safety of principal with a focus on minimizing permanent loss of capital. We therefore purchase stocks at a significant discount to our estimate of underlying intrinsic value. Our goal is to generate substantial return when our analysis and assumptions prove correct, while minimizing downside risk if a particular investment thesis is flawed or if for some other reason our assumptions prove incorrect. Implementing these principles often results in investment decisions that run counter to general market sentiment. We believe this approach is consistent with our focus on maximizing long-term net worth whether or not we generate short-term performance.



Market price movements are important to us because they alternately create low price levels at which we can buy and high price levels at which we can sell.

#### **EQUITY RESEARCH – METHOD OF ANALYSIS**

Our equity research and method of analysis apply a thorough process to screen, track, evaluate, and manage our clients' equity portfolios. Our method of analysis is primarily fundamental and we rely heavily on our review of publicly available filings and other proprietary research. We do not concentrate on meetings with management or research reports prepared by third party analysts. We summarize below the important facets of our approach:

#### **Qualitative Assessment**

- ◆ Market leaders with strong competitive positions;
- ◆ Stable products and economies of scale and/or scope;
- ◆ Low capital requirements; and
- ◆ Experienced and competent management with ownership stakes.

#### **Quantitative Assessment**

- ◆ High returns on capital;
- ◆ High correlation between earnings and cash flow;
- ◆ Low financial risk; and
- ◆ Valuations based on discounted cash flow models.

#### **Risks**

We remind our clients and prospective clients that there are risks to investing in equities. The following are examples of such risks:

**Market Risk:** Equity securities fluctuate in value, and such fluctuations can be significant. The price of an equity security may drop in response to the activities of the individual company, but can also be caused by other factors that are unrelated to company's condition or circumstances. Equity prices can react to tangible and intangible events, such as political, economic, and social conditions. In addition, stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The value of the equities that a client holds may decline over short or extended periods of time.

**Business Risk:** Securities issued by certain types of companies or companies within certain industries are subject to greater risks of loss due to the nature of their business. For example, certain companies may have to devote a large amount of resources and investment over many years before they can deliver a product or service to customers at a profit. They may carry a higher perceived risk of loss than companies which receive a steady, predictable stream of income from customers regardless of the economic environment.

**Concentration Risk:** Clients whose investment portfolios are not "diversified" – that is, portfolios heavily weighted in a small number of securities, industries, sectors, or types of investments (equities versus fixed income) may experience more volatility and fluctuation in market values than those who have more diversified portfolios. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

**Liquidity Risk:** "Liquidity" is the ability to readily convert an investment into cash. If an asset is not liquid, there may be a greater risk that, if circumstances require an investor to sell the asset quickly, it will be sold at a price substantially below what is perceived as a "fair" value. Generally, an asset is more liquid if it represents a standardized product or security and



there are many traders interested in making a market in that product or security. For example, Treasury Bills are highly liquid, while real estate properties are generally considered illiquid.

## FIXED INCOME

Our investment approach to fixed income investing stresses preservation of wealth. We believe that a quality bond portfolio, constructed and rebalanced to a thoughtful asset allocation, helps to mitigate risk by adding a low correlated asset class to equities. We believe our competitive advantage in managing fixed income lies in our diligent execution process which enables us to achieve excess yield without accepting excess risk.

### **Investment Philosophy and Strategy; Method of Analysis**

We try to carry out our investment approach by patiently bidding on bonds (municipal and corporate) owned by third party bond sellers and by our willingness to buy odd (smaller) lots of bonds, bonds selling at a premium, AMT bonds, and sinking fund bonds. The demand for these kinds of bonds is typically low, and we are generally able to buy them at lower prices (and higher yields) for our clients. While this is the firm's primary (and preferred) bond-buying strategy, the firm also buys bonds directly from the inventories of brokers that hold the clients' assets, depending on the client's specific circumstances. We anticipate holding the bonds to maturity and therefore are less concerned with interim price fluctuations. We do not take ownership or maintain an inventory of bonds for later sale to our clients. We buy bonds for direct allocation to specific client accounts based on the specific client's asset allocation and circumstances.

Depending on our specific client's investment objective, we will build a bond ladder of individual bonds maturing in different years in order to provide liquidity, an income stream, and to hopefully reinvest at higher rates.

Our strategy, method of analysis, and objective in purchasing bonds are:

- ◆ To preserve client principal;
- ◆ To not attempt to forecast interest rates. Instead, we attempt to take advantage of current market conditions to identify excess yield available in the bond market;
- ◆ To not compromise credit quality. We consider underlying ratings and financial health of the bond issuer and any insurer. We focus on the nature of the bond issue, and we prefer general obligation and essential service-backed bonds;
- ◆ To obtain above market returns through a disciplined purchasing strategy, and not by assuming added credit risk;
- ◆ To adhere to the client's specific needs and circumstances such as state preferences, income needs, and tax sensitivities;
- ◆ To be flexible as to the timing of principal and interest payments so long as our clients receive satisfactory additional yield due to this nuance;
- ◆ To be willing to accept modest liquidity risk when such risk can potentially lead to greater returns;
- ◆ To match the client's cash flow needs with our view of interest rate and liquidity risk to build a suitable portfolio;
- ◆ To purchase and sell through an open bidding process to ensure fresh, accurate, and above market yields. We do not hold bonds in inventory. We do not buy bonds from clients for our company's account, nor do we sell bonds to clients from our own company's account; and
- ◆ To purchase bonds with specific clients in mind.

## Risks



As with equities, there are risks to investing in fixed income securities, such as Market Risk, Business Risk, and Concentration Risk (please see the discussion of those risks above). In addition, there are risks that are specific to fixed income securities. The following are some examples:

**Liquidity Risk:** As we have described above, liquidity is the ability to readily convert an investment into cash. Generally, an asset is more liquid if it represents a standardized product or security and there are many parties interested in making a market in that product or security. For example, Treasury Bills are highly liquid, while real estate properties are generally considered illiquid.

If an asset is not liquid, there may be a greater risk that, if circumstances require an investor to sell the asset quickly, it will be sold at a price substantially below what is perceived as a “fair” value. Given our firm’s investment philosophy and trading strategy, which we have described above, this risk applies to our clients who hold fixed income securities. As we have also described above, we tend to purchase fixed income securities in smaller lots for our clients, and intend for our clients to hold them until maturity. If clients direct us, however, to sell certain fixed income securities rather than holding them to maturity, we may be unable to obtain a favorable or “fair” sale price.

**Interest Rate Risk:** Fluctuations in interest rates may cause prices of fixed income securities to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline. Specifically, with respect to structured notes (steepeners), coupon rates can fall to zero, as the rates on such securities are adjustable, and will change as a result of changes in interest rates.

**Credit (Default) Risk:** The owner of a fixed income security may lose money if the party that issues the security is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its obligations. Further, when an issuer’s financial condition suffers, or a credit rating agency lowers the issuer’s credit rating, the price of the issuer’s bonds may decline and/or experience greater volatility. These changes can also affect the liquidity of the issuer’s fixed income securities and make them more difficult to sell.

**Prepayment Risk:** When the issuer of a fixed income security has the right to prepay principal, if it exercises that right earlier or at a higher rate than expected, a client may incur losses. This means that the client may be unable to recoup his/her initial investment and may have to reinvest in lower yielding securities. This can have a negative effect on the client’s income stream, total return and/or the price of the security. Prepayment risk tends to be highest in periods of declining interest rates.

**Reinvestment Risk and Inflation Risk:** Reinvestment Risk is the risk that future proceeds from investments may have to be reinvested at potentially lower rates of return (interest rates). With respect to inflation, when any type of price inflation is present, a dollar today will not buy as much as a dollar next year, because a person’s “purchasing power” is eroding at the rate of inflation.

## RISKS – ETFS

**Market Risk:** Similar to equity securities, ETFs fluctuate in value, and such fluctuations can be significant. The price of an ETF can drop in response to the activities of the individual companies held by the ETF, but can also be caused by other factors that are unrelated to a specific holding’s condition or circumstances. ETF prices can react to tangible and intangible events, such as political, economic, and social conditions. In addition, stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The value of the ETFs that a client holds may decline over short or extended periods of time.



Also, ETFs that seek to provide investment results that are the inverse (opposite) of the performance of an underlying index, are subject to the risk that the performance of such ETF will fall as the performance of that ETF's benchmark rises. In addition, some ETFs utilize leverage (i.e., borrowing) in order to acquire their underlying portfolio investments. The use of leverage can exaggerate changes in an ETF's share price and the return on its underlying investments.

Accordingly, the value of a client's investments in ETFs may be more volatile and all other risks, including the risk of loss of an investment, tend to increase. As a result of compounding, inverse and leveraged ETFs often have a single day investment objective. An inverse ETF's performance for periods greater than one day is likely to be either greater than or less than the inverse of the index performance as stated in the ETF's objective. Similarly, a leveraged ETF's performance for periods greater than one day is likely to be either greater than or less than the index performance times the stated multiple in the ETF's objective. This effect becomes more pronounced for these types of ETFs as market volatility increases. Investments by clients in inverse and leveraged ETFs may result in increased volatility of returns. As a result, investments in these types of securities can result in client not achieving their investment objectives.

**Concentration Risk:** Sector ETFs, such as REITs, are subject to industry concentration risk, which is the chance that stocks comprising the sector ETF will decline due to adverse developments in that particular industry.

**Interest Rate Risk:** Fixed income (bond) ETFs are subject to interest rate risk which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates. Securities rated below investment grade, commonly referred to as "junk bonds", involve greater risks than securities in higher rating categories. Junk bonds are regarded as speculative in nature, involve greater risk of default by the issuing company, and may be subject to greater market fluctuations than higher rated fixed income securities.

**Credit (default) Risk:** Fixed income ETFs are also subject to credit (default) risk. The owner of a fixed income security may lose money if the party that issues the security is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its obligations. Further, when an issuer's financial condition suffers, or a credit rating agency lowers the issuer's credit rating, the price of the issuer's bonds may decline and/or experience greater volatility. These changes can also affect the liquidity of the issuer's fixed income securities and make them more difficult to sell.

#### RISKS – MORTGAGE-BACKED SECURITIES

As we have noted above in the section entitled "Item 4. Kovitz's Investment Advisory Business," part of our fixed income approach includes investing in MBS, specifically CMOs. We apply the same investment philosophy, trading strategy, and method of analysis as we do for other fixed income securities (as we have also described above). As with equities and other types of fixed income securities, there are risks to investing in CMOs, such as Market Risk, Business Risk, and Concentration Risk. Liquidity Risk, Interest Rate Risk, and Credit (default) Risk also apply when investing in CMOs. In addition, there are other risks specific to CMOs:

**General:** The performance of a client's CMO holdings can be affected by a variety of factors, including its priority in the capital structure of the issuing company, the nature of the mortgages themselves within the CMOs, and the level and timing of principal and interest payments made by underlying mortgage borrowers. Also, a rapid change in the rate of defaults of mortgages within a CMO may have a significant effect on the yield to maturity. Clients risk loss on CMO investments regardless of their ratings by the ratings agencies.

**Prepayment Risk:** When the issuer of a fixed income security has the right to prepay principal, if it exercises that right earlier or at a higher rate than expected, a client may incur losses. This means that the client may be unable to recoup his/her initial investment and may have to reinvest in lower yielding securities. This can have a negative effect on the



client's income stream, total return and/or the price of the securities in the client's portfolio. Prepayment risk tends to be highest in periods of declining interest rates. Although CMOs can be issued with maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may significantly shorten their effective maturity dates. Generally, CMOs are subject to greater prepayment risk than other types of fixed income securities, such as municipal or corporate bonds.

Investment strategies, methods of analysis, and risks in investing in our affiliated hedge funds are described in detail in the offering documents for those investments.

#### **CYBERSECURITY RISK**

The computer systems, networks and devices used by Kovitz and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.



#### ITEM 9. DISCIPLINARY INFORMATION

Not applicable.



## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Kovitz is affiliated with Kovitz Insurance Services, LLC (“KIS”). KIS is a licensed as an insurance agency in Illinois and in other jurisdictions as required. KIS recommends, where appropriate, life insurance policies to clients in need of such product. KIS does not recommend any insurance products that are securities regulated by the SEC, namely variable annuities. KIS receives compensation (i.e., commissions) relating to the placement of these life insurance policies. KIS has also entered a referral arrangement with The Orchard Group. Under the arrangement and where appropriate, KIS and Kovitz will refer clients and prospective clients to The Orchard Group that may be in need of the life insurance products described above. If insurance policies are placed for the client as a result of such a referral, KIS will share in the initial and reoccurring policy commission.

Kovitz is investment adviser to two mutual funds – Green Owl, and the Al Frank Fund. Please refer to our discussion of Green Owl and the Al Frank Fund in various places throughout this Brochure, including how we manage Green Owl and the Al Frank Fund alongside our separate client accounts and affiliated hedge funds. Please also refer to the Green Owl prospectus for more information at [www.greenowlfund.com](http://www.greenowlfund.com), and the Al Frank Fund prospectus for more information at [www.alfrankfunds.com](http://www.alfrankfunds.com). In addition, Kovitz acts as sub-adviser to CAPOX, which it recommends for investment in client accounts. Please refer to our discussion of CAPOX in various places throughout this Brochure, and refer to the CAPOX prospectus for more information at [www.absoluteadvisers.com/absolute-capital-opportunities-fund/fund-overview](http://www.absoluteadvisers.com/absolute-capital-opportunities-fund/fund-overview).

Kovitz is the general partner of affiliated private placements, which are open to new investors. This is a conflict of interest. The affiliated private placements do not have the same investment objectives as Kovitz’s separate client accounts. Please see the disclosure above in the section entitled “Item 6. Performance-Based Fees/Side-by-Side Management” for a description of this conflict of interest, and additional information with respect to these relationships. Kovitz also provides services to, or certain of its employees are otherwise involved in several private real estate funds in which clients and others have been solicited to invest. These funds are limited to accredited investors, and their objectives are to invest in properties across the real estate sector, including industrial, commercial, and residential. Although these funds are not investment advisory clients of Kovitz, this is a conflict of interest in that Kovitz’s employees are compensated based on referrals of Kovitz clients to such funds. Additionally, the fees associated with the private placement are higher than those of a separate managed account. This is a conflict of interest as it could incentive Kovitz to move assets into the private placements. This risk is mitigated through the disclosure in Item 6. Performance-Based Fees/Side-by-Side Management and that our advisors introducing the private placements are compensated equally across all investment types. Therefore, there is no benefit to advisor for an investor to be in a private placement over a separately managed account.

Certain of Kovitz’s executive officers own a separate company that sponsors and manages private equity funds. All such funds are limited to accredited investors. The private equity funds’ primary investment objectives are to acquire controlling interests in existing companies and to make other investments. Although these funds are not clients of Kovitz, this is a conflict of interest in that these Kovitz officers are compensated based on their respective ownership of the private equity manager, and based on the ongoing management and incentive fees that the funds pay to the manager. This is also a conflict of interest in that certain Kovitz employees are compensated based on referrals of clients to such private equity funds. Please refer to the section above entitled “Item 6. Performance-Based Fees/Side-By-Side Management” for additional information about these relationships, a discussion of the conflicts of interest in recommending these investments, and how we believe we have addressed these conflicts.

In addition, several of Kovitz’s employees are involved in a charitable organization called Kovitz Cares. Kovitz Cares primarily focuses on organizing volunteer projects for Kovitz employees, and raising funds to donate to charities. Please



refer to the section above entitled “Item 5. Fees and Compensation” for a discussion about the organization, along with relevant conflicts of interest.

Kovitz, its owner, executive officers, and employees spend as much of their time on the activities of a particular client as they deem necessary and appropriate. Kovitz and its affiliates are not restricted from forming or being involved with additional private funds, from entering other investment advisory relationships, or from engaging in other business activities. Kovitz’s involvement in these other activities, such as the real estate and private equity funds referenced above, is a conflict of interest. The time and efforts of Kovitz’s officers and employees are allocated among the firm’s individual client accounts and hedge funds, and to separate ventures such as the real estate funds and private equity funds.

As we have noted above in the section entitled, “Item 4. Kovitz’s Investment Advisory Business,” certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because Kovitz is an indirect, wholly owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of Kovitz. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.



## ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

We have adopted a Code of Ethics (Code). We recognize that we have a fiduciary duty to our clients in providing investment management services and we will act in our clients' best interests. Our Code includes:

- ◆ A requirement that our employees read the Code upon the start of their Kovitz employment, and annually thereafter, and that they certify they have read it;
- ◆ Rules regarding the giving and receiving of gifts and business entertainment;
- ◆ Rules for review and approval by us if our employees wish to engage in outside business activities;
- ◆ Rules regarding Kovitz or its employees making political contributions;
- ◆ Requirements that we review the Code on a periodic basis, and annually assess the risks that exist in our business;
- ◆ Rules for enforcing our Code and for reporting violations of our Code to our compliance staff; and
- ◆ Rules for reviewing and approving our employees' securities accounts and transactions.

We will provide a copy of our Code to our clients or prospective clients upon their request.

### PERSONAL TRADING; INVESTING ALONGSIDE CLIENTS

Our employees that have accounts managed by Kovitz invest in the same securities in which our advisory clients invest (our discussion of advisory clients in this context includes Green Owl, the Al Frank Fund, and CAPOX). Also, we recommend stocks in TPS in which employees and the Al Frank Fund invest. In addition, our affiliated hedge funds and related accounts, though managed according to a different strategy than that of Kovitz's separate accounts, usually invest in these securities at the same time that we recommend these securities for our advisory clients. We are committed to our investment approach and security selection and therefore want to be invested in the same securities we recommend for advisory clients.

This is a conflict of interest. There is a risk that we will favor our own accounts or accounts of our performance-based fee earning affiliated hedge funds over accounts of our clients in the timing or allocation of security transactions. There is a risk that we may choose to buy a security in our personal accounts, or accounts that pay us performance-based fees, before we buy it in our advisory clients' accounts, or recommend it in TPS. There is also a risk that we may allocate a security in limited supply to our accounts or our affiliated hedge funds' accounts instead of accounts of our advisory clients.

Our Code is designed to help mitigate these risks:

- ◆ Employees must report all of their personal securities holdings, and those of members of their household ("under the same roof"). They are required to do so shortly after they start working at Kovitz, and annually thereafter;
- ◆ All employees are required to report securities transactions in their accounts, and accounts of those in their household. This includes transactions executed "away" from Kovitz. We review these transactions on a periodic basis;
- ◆ We conduct periodic reviews of the performance of employee accounts, and we review the transactions in employee and employee-related accounts as they relate to transactions in client accounts;



- ◆ When our employees or our affiliated hedge funds invest in the same securities as our advisory clients, we generally execute those transactions at the same time and use an average price to complete the transaction. However, as discussed above in the section entitled “Kovitz’s Affiliated Hedge Funds and Other Private Placements,” because the hedge funds generally use different brokers (where applicable) than our separate account clients, we do not necessarily apply the same average price across all participating client accounts and hedge funds. In addition, client accounts managed by the California Office and Madison Office are spread across multiple custodians. To address this, we have implemented trade rotation policies and procedures. In connection with “firm-wide” trades, we rotate executions across several client account “groups.” We have implemented trade rotation policies and procedures with the goal of providing equitable treatment to all of our client account groups, over time;
- ◆ Where we can and when Kovitz is managing the employee account, when our employees invest in the same securities as our advisory clients, and if we cannot complete the entire desired transaction for all clients, we use a “lottery” system to determine on a random basis for which accounts the transaction will be completed. In lottery situations, employee and employee-related accounts are allocated after eligible client accounts are filled. Certain employee and employee-related accounts are held at other custodians as well. Therefore, in trade rotation situations, employee and employee-related accounts held at each of the custodians, are filled before we move to the next client account group in the trade rotation. With respect to the California Office, employee-related accounts that are managed according to a strategy are generally grouped with client transactions.
- ◆ Please see the disclosure above in the section entitled “Item 6. Performance-Based Fees/Side-by-Side Management” for additional discussion of how we address these conflicts.

#### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

As we noted above, we recommend investments in which we or an affiliate has a financial interest. We will only make this recommendation if the investment is suitable for the client. We will consider the clients’ net worth, risk tolerance, and sophistication in this regard. We have described these investments in the section above entitled “Item 4. Kovitz’s Investment Advisory Business – Investment Management – Other Types of Securities – Hedge Funds.”

This is a conflict of interest. Please see the discussion in the section entitled “Item 6. Performance-Based Fees/Side-by-Side Management.”



## ITEM 12. BROKERAGE PRACTICES

### GENERAL

Our advisory clients pay brokerage commissions for execution of securities transactions in their accounts directly to the custodian where assets are held. The broker selected may assess these commissions, in part, as a minimum charge per trade. If the number of shares involved in the transaction is large, the broker's commission may be assessed as an amount per share. These commissions are in addition to the investment management fees clients pay to Kovitz.

Kovitz considers the following when selecting brokers for client trades and determining the reasonableness of their compensation in cases where the client does not select the brokers for its trades (see the section below entitled "Directed Brokerage"):

- ◆ Cost of execution (the commission);
- ◆ Execution price and timing;
- ◆ Accessibility and responsiveness of broker staff;
- ◆ Quality, depth, and breadth of services the broker offers;
- ◆ Tools and applications the broker provides to benefit our clients;
- ◆ The broker's willingness to accommodate clients' special needs;
- ◆ Access to liquidity (to facilitate our sales and minimize market price impact);
- ◆ Protection of confidential information;
- ◆ Trade allocation policies;
- ◆ Trade error correction policies; and
- ◆ The broker's integrity, reputation and financial condition.

### RECEIPT OF SOFT DOLLAR BENEFITS

We receive hardware and software tools, administrative and reporting tools, and research and other items as a result of the relationship between Kovitz and PAS, and through our prime brokerage relationship with our affiliated hedge funds. Certain tools and research products benefit all Kovitz clients, while the tools available through our prime brokerage relationship benefit only the accounts held at the prime broker.

We do not have to pay separately for these tools and research products, and we benefit from that. We may have an incentive to enter these relationships based on our receipt of these tools and research products rather than on our clients' interest in receiving best execution. However, we believe that the receipt of these tools and products is customary and is not a material element of the relationships. In addition, the receipt of these tools is not dependent on the amount of commissions or frequency of trades in client accounts.

Additionally, with the termination of Kovitz Securities, LLC, Kovitz transitioned our accounts from Kovitz Securities, LLC as introducing broker-dealer to PAS as introducing broker-dealer. Due to this transition, PAS is reimbursing us for certain costs associated with the transition from Kovitz Securities, LLC to PAS and certain other costs, LLC to PAS. PAS is covering costs related to adjustments or enhancements with 3<sup>rd</sup> party technology used with PAS, marketing materials and client appreciation events. This arrangement is for up to five years or when the allocated funds has been exhausted, whichever comes first.

### TRADE ERRORS

If trade errors occur, we intend to make our clients whole whether the error is caused by Kovitz, our, the clearing firm, or an unaffiliated broker (such as Pershing Advisor Solutions, LLC ("PAS"), Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade, Inc. ("TD Ameritrade"), or Fidelity Brokerage Services, LLC ("Fidelity")).



If errors occur when Kovitz uses unaffiliated brokers, Kovitz has limited ability to control their resolution. These brokers typically have their own policies and procedures for corrections, administering gains and losses, and charitable donations, for example.

In some instances, with these unaffiliated brokers, gains from the errors will go to a charitable organization of our choosing. Kovitz Cares is an organization that we have selected in some instances to receive the gains. As noted in "Item 5. Fees and Expenses, we receive an economic benefit if we are allowed a tax deduction for charitable donations. In addition, we may, in our sole discretion, decide to credit investment management fees as a way of correcting trade errors in client accounts.

#### **AGGREGATION AND ROTATION**

We typically aggregate or group advisory client transactions in the same securities when executed on the same day to ensure efficient trade execution. This also allows us to provide an average price for each client trade, minimizes the risk of preferential treatment for certain clients over others, and is consistent with our obligations to obtain the best execution for client trades. While this practice also applies to client accounts managed by the firm's California and Madison offices, the firm does not necessarily aggregate client transactions in the same security across the firm's divisions. Kovitz recognizes that it has multiple "investment teams" and multiple investment strategies, and will consider aggregating trades across its divisions if it believes it is beneficial to clients to do so.

We acknowledge that our clients' assets are held across multiple custodians and various broker platforms and includes the firm's affiliated hedge funds, our control over the execution of client trades varies across these custodians and platforms. In addition, while we are able to aggregate trades for clients that are held at the same broker, custodian, or platform, in certain cases we are not able to aggregate trades across them.

Therefore, in order to minimize the risk of preferential treatment to certain clients over others, we have implemented a trade rotation policy. We have organized our clients' accounts into broad account groups. When we execute client trades across multiple custodians and platforms, we will rotate through these client account groups, with the goal of achieving fairness of execution and equitable client treatment over time.

#### **DIRECTED BROKERAGE**

Advisory clients are free to direct Kovitz to use brokers to execute securities transactions. In deciding whether or not to accept an advisory client, however, Kovitz will take into consideration the client's selection of broker-dealers or custodians in connection with the advisory relationship. In this regard, the firm has established relationships with and generally requires the client to open (or already have) an account with either PAS, Schwab, TD Ameritrade, or Fidelity. Kovitz (including its California Office and Madison Office) will accept clients who use other broker-dealers/custodians at its sole discretion.

When a client directs us to use a broker/custodian other than those listed above):

- ◆ We may have a limited ability to negotiate commission rates or discounts on commission rates on the client's behalf;
- ◆ We generally do not have the ability to aggregate or group trades at such brokers. We are unable to apply an average price for trades executed by unaffiliated brokers. This results in the client paying a different total price than obtained by clients with our approved custodians, even if the trades are executed on the same day and in the same security;



- ◆ We cannot guarantee that the selected broker will average price trades executed for the client with trades that broker executes for other Kovitz clients, and we cannot guarantee that the broker will share or spread aggregate commissions for these trades among the various Kovitz client accounts it services.

We are required to obtain best execution when we choose the broker to execute our clients' trades. If we fail to obtain best execution it will cause our clients to pay more money to execute its trades or receive a less favorable price.

If a client does not receive best execution, whether with trades executed by a broker of its choice or with our approved custodians, the client may pay more money for the executed trade, or receive a less favorable price.



## ITEM 13. REVIEW OF ACCOUNTS

### PERIODIC REVIEWS AND REPORTING

Kovitz reviews client accounts on a regular and continuous basis. At a minimum, our portfolio/account managers review accounts quarterly. We also conduct reviews based on other triggers such as significant life events (retirement, receipt of an inheritance, etc.), firm-wide purchases or sales of securities, bond maturities, or after cash deposits or distributions.

Our portfolio managers consider the following when periodically reviewing their clients' accounts:

- ◆ Securities held in the account;
- ◆ Position sizes;
- ◆ Suitability;
- ◆ The client's investment objective;
- ◆ Asset allocation, including allocation to private placements and mutual funds (whether or not such investments are affiliated with Kovitz); and
- ◆ The client's risk tolerance.

Our separate client accounts receive periodic account statements (usually monthly) and trade confirmations directly from their broker and/or custodian of their assets. We also provide quarterly account appraisals, annual tax reports, and various other reports to certain clients from time to time. We encourage our clients to compare their brokerage and/or custodial statements to the reports we provide, as applicable.

### VALUATION OF SECURITIES IN CLIENT ACCOUNTS

In administering our clients' accounts, we receive security pricing information from several different custodians, depending on which broker/custodian the client has selected for his/her account(s). While clients may hold the same securities across various custodians, the pricing information that we receive in our systems can potentially vary by custodian. This is because each custodian may use different third-party vendors or methods for valuing securities.

In spite of these potential differences, Kovitz uses the pricing information received from its primary custodian, PAS. This is for efficiency reasons, as a vast majority of Kovitz's clients' accounts are held at PAS. This pricing information is reflected firm-wide, in much of its investment management, trading, and reconciliation processes. PAS obtains its pricing information from an industry-recognized pricing vendor, a vendor that other custodians use as well. Also, the Madison Office receives pricing information from the same vendor. As such, the periodic reports that Kovitz sends to clients, and the firm's billing practices reflect pricing information received from that vendor. Ultimately, the vendor's pricing information is used on a firm-wide basis, regardless of the custodian that the client has selected for his/her accounts (for example, Schwab, TD Ameritrade, or Fidelity).

As noted above, we encourage our clients to compare their brokerage and/or custodial statements to the statements we provide, as applicable.



## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

We have agreements with unaffiliated third parties who refer clients to Kovitz. We pay these third parties a portion of the investment management fees we receive for managing the accounts of the referred clients. Referral arrangements inherently give rise to potential conflicts of interest, particularly when the person recommending the adviser receives an economic benefit for doing so. The Advisers Act addresses this conflict of interest by requiring disclosures related to the referral, including a description of the material terms of the compensation arrangement with the solicitor. We require third party solicitors who introduce potential clients to us to provide the potential client, at the time of the solicitation, with a copy of this disclosure brochure and a copy of a disclosure statement which explains that the solicitor will be compensated for the referral and contains the terms and conditions of the solicitation arrangement, including the percentage of the advisory fees or other compensation the solicitor is to receive.

We are involved in various platforms, including “model,” “wrap,” and sub-advisory arrangements. Under these arrangements, the primary advisers pay us a portion of the fees that they collect from their clients. We also act as sub-adviser for a mutual fund, for which we serve as sole sub-adviser. We are paid fees by the primary adviser of the mutual fund.

Please refer to Item 12. Brokerage practices for background on benefits and certain compensation we receive from our custodial relationships.

Focus, our parent company, periodically holds partnership meetings and other industry and best-practices conferences, which are typically attended by Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Kovitz. However, the meetings do provide sponsorship opportunities for asset managers, custodians, and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Kovitz. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conference could cause Kovitz to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Kovitz. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement. No entities have provided conference sponsorship to Focus in the last year.

A number of our principals may be eligible for additional compensation from our indirect parent company, Focus Financial Partners, LLC (or one of its affiliates), depending on the performance of Kovitz. Eligibility will be determined based on all or a portion of Kovitz’s cumulative earnings. This potential for increased compensation provides an incentive for these principals to encourage you to maintain and even increase the size of your investment account with us.



## ITEM 15. CUSTODY

We have the authority to direct our clients' brokers or custodians to pay us our management fees directly from client accounts. As we described in the section above entitled "Review of Accounts," clients receive periodic account statements and trade confirmations directly from their broker and/or custodian of their assets. We also directly provide account statements and other reports to certain clients on a periodic basis. We urge our clients to carefully review the statements they receive and to compare the statements we provide with the statements they receive directly from their broker or custodian.

While we generally avoid obtaining the authority to hold or obtain possession of client funds or securities in connection with the advisory services we provide to clients, we do have custody in the following ways:

### TRUSTEESHIPS; FAMILY OFFICE SERVICES; STANDING LETTERS OF AUTHORIZATION

- ◆ Our employees occasionally serve as trustee (or co-trustee) of client trust accounts to which we provide advisory services. In cases where the trusteeship did not result from Kovitz providing advisory services to the client over time (such as family relationships, or other relationships that pre-date the client's and employee's association with Kovitz), the firm does not claim custody over these client trusts (based on SEC guidance). On the other hand, in cases where the trusteeship resulted from Kovitz providing advisory services to the client trust over time, Kovitz considers this to be "custody" of client trust assets.
- ◆ Also, as described above in the section entitled, "Item 4. Kovitz's Investment Advisory Business," the firm provides "Family Office Services" to certain clients. As part of this segment of the business, the firm provides bill paying services, and assists with asset movement requests from clients. In carrying out the activities of the Family Office Services, firm employees have full electronic access (rather than limited, "trading-only," or "read-only" access) to certain clients' bank accounts and securities accounts for purposes of entering transactions. This is considered "custody" of client assets. We have various controls in place to monitor and supervise such activity. In addition, we have engaged a third-party accounting firm to conduct surprise exams of the applicable client accounts, as required by SEC rules.
- ◆ Kovitz also allows clients to setup standing letters of authorization (SLOAs) on their accounts. These SLOAs allow clients to distribute funds via various methods (check, wire, etc.) to an established recipient. The SLOAs that are established are a mix of first party (same name on both accounts) or third party (to different account name than the delivering account) instructions. In instances where the SLOA is directed to a third party, Kovitz is deemed to have custody. Kovitz additionally has reviewed the details of the SLOAs and has noted those that fall within the SEC's safe-harbor of meeting seven specific conditions required to not be part of an annual surprise examination, namely not directed to Kovitz or a related party. Kovitz has various controls around the processing and monitoring of SLOA activity. Additionally, the accounts that are required to be part of the surprise examination due to the third-party SLOA are included in the scope of that annual requirement along with the other "custody" accounts.

### AFFILIATED PRIVATE PLACEMENTS

- ◆ We have custody of the assets in our affiliated hedge funds because we are the general partner of such funds. We also have custody of the funds and securities of an affiliated real estate fund as the "managing member" of the fund is controlled by the same executive officers of Kovitz. As such, we have control over the trading and



movement of assets in and out of such funds. We have various controls in place to protect the assets in such funds. We use an independent third party to administer the hedge funds and the real estate fund, and to provide statements to the fund investors on a periodic basis. In addition, we use an independent accounting firm to audit the financial statements of our hedge funds and the real estate fund on an annual basis. We then distribute the auditor's reports to the funds' underlying investors, as required by SEC rules.



## ITEM 16. INVESTMENT DISCRETION

We provide discretionary investment management services to our clients. This means that when clients hire us, they give us trading authorization. We do not need specific approval from clients each time we decide to purchase or sell securities in the accounts that we manage for them. Clients give us discretionary trading authority by executing our investment advisory agreement when they hire us to manage their assets.

As we have described in the section above entitled “Item 4. Kovitz’s Investment Advisory Business,” clients can limit our trading authority by restricting us from purchasing or selling certain securities.



## ITEM 17. VOTING CLIENT SECURITIES

### PROXIES

We are responsible for voting client securities (proxies) held in individual client accounts if we specifically agree to accept this authority and responsibility in writing (although clients may always contact us with questions on proxy matters). Where we have not accepted that authority, Clients typically receive voting and proxy information directly from the issuers of the securities in their accounts.

For institutional clients, including mutual fund clients such as Green Owl, the Al Frank Fund, and CAPOX, and in connection with model, wrap fee, or other similar relationships, we are similarly responsible for voting proxies if the client or sponsor, etc., delegates, and we agree to accept, such authority.

We have adopted proxy voting policies and procedures designed to ensure that we vote proxies in the best interest of clients and that we provide clients with information about how their proxies are voted. In light of our fiduciary duty to clients, and given the complexity of the issues that may be raised with proxy votes, we have retained an independent, third-party proxy voting service provider to assist with the voting of client proxies. The proxy voting service provider specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers. The services provided to us include in-depth research, voting recommendations, vote execution and recordkeeping.

We use reasonable best efforts to periodically reconcile available votes or votes cast by the proxy voting service provider against shares held in client accounts to assess whether we are receiving and voting proxies for those clients and relationships for which it has voting authority.

We acknowledge that conflicts of interest can arise which can affect how we vote proxies. We address conflicts of interest by first determining whether or not we have a material business relationship with the issuer. We then work with our third-party proxy voting service provider to determine whether or not it intends to vote on the specific matter. We may then “override” the provider’s vote instruction, or otherwise instruct the provider to vote in a certain way that is, in our judgment, consistent with our clients’ best interests.

We serve as general partner of our affiliated hedge funds. As such, we have authority to vote securities held by such entities. We do not, however, as a general matter, exercise our authority to vote proxies on such funds’ behalf.

We will provide a copy of our Proxy Voting Policy to our clients or prospective clients upon their request.

### CLASS ACTION CLAIMS – GENERAL

As is outlined in our standard investment advisory agreement, Kovitz, generally handles filing of class action claims on behalf of clients. Kovitz has hired a third-party vendor to assist with monitoring, filing, and distributing of funds to clients, where applicable.



#### **ITEM 18. FINANCIAL INFORMATION**

Not applicable.

**KOVITZ INVESTMENT GROUP PARTNERS, LLC**

**Form ADV Part 2B**

**Brochure Supplements**

**March 31, 2021**

The following Brochure Supplement provides information about certain of Kovitz Investment Group Partners, LLC's (Kovitz) personnel that supplements the Kovitz Disclosure Brochure. You should have received a copy of that Disclosure Brochure. Please contact the firm's Compliance Department (312-334-7337 or [compliance@kovitz.com](mailto:compliance@kovitz.com)), if you did not receive a Disclosure Brochure or if you have any questions about the contents of these Brochure Supplements.

Additional information on Kovitz and the named professionals is available at the Securities and Exchange Commission website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that while Kovitz's primary business address is below, certain employees are involved in formulating and/or providing investment advice from the firm's California, Wisconsin, and Northbrook, Illinois offices. All of Kovitz's employees, including the personnel described in the attached Brochure Supplements, are located at the firm's primary office (unless noted otherwise in their individual Supplement Brochure below), *or supervised* from the primary office. Kovitz's primary office address and primary telephone number are as follows:

**71 S Wacker Dr., Suite 1860  
Chicago, IL 60606**

**(312) 334-7300**

**[www.kovitz.com](http://www.kovitz.com)**

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ALLEN C. BERG 312-673-7181	3
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BRUCE A. WEININGER 312-334-7334	39
<b>DESIGNATION DISCLOSURES:</b>	<b>40</b>

## BROCHURE SUPPLEMENT DISCLOSURE DEFINITIONS

Supervised persons: Those who formulate investment advice and have direct client contact; or those who have discretionary authority over a client's assets even if they have no direct client contact.

Educational background: Describes the supervised person's post-high school education.

Business background: Describes the supervised person's business experience for the past five years. To the extent applicable, supervised persons listed herein were previously employed by Kovitz Investment Group, LLC. Effective January 1, 2016, Kovitz Investment Group, LLC underwent an organizational change, and such supervised persons are now employees and investment advisor representatives of Kovitz Investment Group Partners, LLC ("Kovitz").

Disciplinary information: Disclosure of any legal or disciplinary event that is material, and includes certain disciplinary events that are presumed to be material to such an evaluation if they occurred during the last 10 years.

Other Business Activities: Describes the supervised individual's business activities aside from his/her Kovitz employment, and any material conflicts of interest that result from such participation. Descriptions include information about any compensation – bonus or non-cash – that the supervised individual receives based on the sales of securities or other investment products, as well as an explanation of the incentives this type of compensation creates.

Additional compensation: Describes any arrangements in which someone other than the client provides the supervised individual an economic benefit, such as a sales award or other prize, for providing advisory services.

Supervisor: Describes how Kovitz supervises the supervised individual, including how Kovitz monitors the advice provided to the client by the supervised individual, and the supervisor responsible for those reviews.

## AFFILIATED-FIRM DISCLOSURE:

Kovitz, and several of the supervised individuals listed in this brochure also manage, sponsor or participate in affiliated hedge funds and other private placements available for investment by advisory clients. These investments charge performance-based fees. This is a conflict of interest because the supervised person and Kovitz could have an incentive to favor these hedge funds and other private placements over advisory clients or other investments that do not pay such fees. We believe we have addressed these conflicts because neither the supervised person nor Kovitz exercises discretion in placing advisory clients in affiliated hedge fund or private placements. In addition, because Kovitz employees can receive a portion of the fees that such hedge funds and private placements pay to Kovitz, they have an incentive to grow their clients' assets over time.

## **SUPERVISED PERSONS:**

**MARY E. ANDERSON**

**312-334-7355**

### **Educational Background and Business Experience**

Mary E. Anderson, MA, MBA

Year of Birth: 1948

Marquette University, Milwaukee, WI – Degree: Bachelor of Arts (BA) 1970

Carlson School of Management, University of Minnesota, Minneapolis, MN – Degree: Master of Business Administration, Concentration in Finance (MBA) 1982

University of Wisconsin – Milwaukee, Milwaukee, WI – Degree: Master of Arts (MA) 1976

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Senior Financial Advisor) 2007 – 2015

Kovitz Securities, LLC, Chicago, IL (Senior Financial Advisor) 2007 – 2020

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

### **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. Anderson's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. Anderson with respect to formulating investment advice for Kovitz advisory clients.

**2215 Sanders Road, Suite 100N  
Northbrook, IL 60062**

### **Educational Background and Business Experience**

Allen C. Berg, MST, CPA<sup>1</sup>, CFP<sup>®2</sup>

Year of Birth: 1950

University of Illinois, Urbana, IL – Degree: Bachelor of Science in Accounting (BS) 1972

DePaul University, Chicago, IL – Degree: Master of Science in Taxation (MST) 1975

Kovitz Investment Group Partners, LLC, Chicago, IL (Managing Director – Family Office Services / Investment Adviser Representative) 2020 – Present

North Star Investment Management Corporation, Chicago, IL (Investment Adviser Representative) 2014 – 2019

Weiss & Co., LLP, Glenview, IL (Principal – Family Office Services) 2015 – 2019

Steinberg Advisors, Ltd., Northbrook, IL (Director) 2014 – 2015

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Berg's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Berg with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Jenny P. Boyke, MAS, CPA<sup>1</sup>, CFP<sup>®2</sup>

Year of Birth: 1976

Northern Illinois University, DeKalb, IL – Degree: Bachelor of Science in Accounting (BS) 1998

Northern Illinois University, DeKalb, IL – Degree: Master of Accounting Science (Specialization in Taxation) (MAS) 1999

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Senior Financial Advisor) 2007 – 2015

Kovitz Securities, LLC, Chicago, IL (Senior Financial Advisor) 2007 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

Ms. Boyke provides non-investment related tax return preparation services for compensation on a limited basis in a capacity unrelated to her position at Kovitz. Also, please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. Boyke's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. Boyke with respect to formulating investment advice for Kovitz advisory clients.

### **Educational Background and Business Experience**

Marc S. Brenner, CPA<sup>1</sup>, JD

Year of Birth: 1963

University of Illinois, Urbana, IL – Degree: Bachelor of Science in Accounting (BS) 1985

University of Chicago, Chicago, IL – Degree: Juris Doctor (JD) 1988

Kovitz Investment Group Partners, LLC, Chicago, IL (Founder, Principal) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Founder, Principal, President) 2003 – 2015

Kovitz Securities, LLC, Chicago, IL (Founder, Principal) 2003 – 2020

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see above Affiliated-Firm Disclosure

### **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Brenner's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Brenner with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

G. Scott Brown, CPA<sup>1</sup>, CFP®<sup>2</sup>

Year of Birth: 1977

Colgate University, Hamilton, NY – Degree: Bachelor of Arts in International Relations

Accounting (BA) 2000

DePaul University, Chicago, IL – Degree: Master of Business Administration in Finance and Marketing (MBA) 2004

Kovitz Investment Group Partners, LLC, Chicago, IL (Financial Advisor) 2019 – Present

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2019 – 2020

JMG Financial Group, Downers Grove, IL (Associate Advisor) 2018 – 2019

Northern Trust Co., Chicago, IL (Senior Tax Administrator) 2013 – 2018

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None.

## **Additional Compensation**

None – please see above Affiliated-Firm Disclosure

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Brown's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Brown with respect to formulating investment advice for Kovitz advisory clients.

**20 Enterprise, Suite 305**  
**Aliso Viejo, CA 92656**

### **Educational Background and Business Experience**

John Buckingham

Year of Birth: 1965

University of Southern California, Los Angeles, CA – Degree: Bachelor of Science in Computer Science (BS) 1987

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Portfolio Manager) 2018 – Present

AFAM Capital, Inc., Austin, TX (Chief Investment Officer, Chief Portfolio Manager) 1987 – 2018

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Buckingham's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Buckingham with respect to formulating investment advice for Kovitz advisory clients.

**Educational Background and Business Experience**

Robert S. Burnstine, JD

Year of Birth: 1964

University of Michigan, Ann Arbor, MI – Degree: Bachelor of Business Administration (BBA) 1986

Harvard University, Cambridge, MA – Degree: Juris Doctor (JD) 1989

Kovitz Investment Group Partners, LLC, Chicago, IL (Portfolio Manager) 2017 – Present

Kovitz Securities, LLC, Chicago, IL (Registered Representative) 2017 – 2020

Fairpointe Capital, LLC, Chicago, IL (President) 2011 – 2017

Harris Associates, L.P., Chicago, IL (Portfolio Manager / Analyst) 2001 – 2011

**Disciplinary Information**

No information is applicable to this Item.

**Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

**Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

**Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Burnstine's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Burnstine with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

David A. Castro, CFP®<sup>2</sup>

Year of Birth: 1988

DePaul University, Chicago, IL – Degree: Bachelor of Science in Finance (BS) 2010

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor)

2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Financial Advisor) 2013 – 2015

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2013 – 2020

The Ayco Company, L.P., Lake Forest, IL (Financial Analyst) 2010 – 2013

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Castro's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Castro with respect to formulating investment advice for Kovitz advisory clients.

**20 Enterprise, Suite 305**  
**Aliso Viejo, CA 92656**

### **Educational Background and Business Experience**

Jason R. Clark, CFA<sup>3</sup>

Year of Birth: 1971

University of West Florida, Pensacola, FL – Degree: Bachelor of Arts in Finance (BA) 2001

Kovitz Investment Group Partners, LLC, Chicago, IL (Portfolio Manager) 2018 – Present

AFAM Capital, Inc., Austin, TX (Vice President, Senior Portfolio Manager) 2007 – 2018

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Clark's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Clark with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

John J. Conway, CRPC®<sup>4</sup>

Year of Birth: 1964

Attended Winona State University, Winona, MN

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Senior Financial Advisor) 2003 – 2015

Kovitz Securities, LLC, Chicago, IL (Senior Financial Advisor) 2003 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Conway's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Conway with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Peter C. Crowell, CFP®<sup>2</sup>

Year of Birth: 1983

Moody Bible Institute, Chicago, IL – Degree: Bachelor of Science in Liberal Arts (BS) 2005

University of Missouri – Kansas City, Kansas City, MO – Degree: Master of Business

Administration in Finance (MBA) 2014

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Financial Planner) 2019 – Present

Northern Trust Co., Chicago, IL (Wealth Advisor) 2014 – 2019

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None.

## **Additional Compensation**

None.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Crowell's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Crowell with respect to formulating investment advice for Kovitz advisory clients.

### **Educational Background and Business Experience**

Dana DeLance, CFP®2

Year of Birth: 1991

University of Illinois, Champaign, IL – Degree: Bachelor of Science in Agricultural and Consumer Economics (BS) 2013

Kovitz Investment Group Partners, LLC, Chicago, IL (Financial Advisor) 2020 – Present

Mariner Wealth Advisors, Oakbrook Terrace, IL (Wealth Advisor) 2017-2020

JMG Financial Group, Downers Grove, IL (Financial Planning Associate) 2014-2017

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. DeLance's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. DeLance with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Edward W. Edens, MBA, CFP®<sup>2</sup>

Year of Birth: 1964

Augustana College, Rock Island, IL – Degree: Bachelor of Arts in Business Administration and Finance (BA) 1986

DePaul University, Chicago, IL – Degree: Master of Business Administration in Finance (MBA) 1997

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Senior Financial Advisor) 2005 – 2015

Kovitz Securities, LLC, Chicago, IL (Senior Financial Advisor) 2005 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Edens' advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Edens with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Bryan L. Engler, CFA®<sup>3</sup>

Year of Birth: 1983

Tulane University, New Orleans, LA – Degree: Bachelor of Arts in Political Science (BA)  
2005

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Equity Analyst) 2019 – Present  
Great Lakes Advisors (Senior Research Analyst) 2011 – 2019

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None.

## **Additional Compensation**

None.

## **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Engler's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Engler with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Amanda L. Falkum, CFP®<sup>2</sup>

Year of Birth: 1979

University of Wisconsin, Madison, WI – Degree: Bachelor of Science in Personal Finance (BS) 2001

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Senior Financial Advisor) 2008 – 2015

Kovitz Securities, LLC, Chicago, IL (Senior Financial Advisor) 2008 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. Falkum's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. Falkum with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Harold (Skip) W. Gianopoulos, Jr., JD, CFP®<sup>2</sup>

Year of Birth: 1965

Taylor University, Upland, IN – Degree: Bachelor of Science in Business Administration and Computer Information Systems Analysis (BS) 1987

John Marshall Law School, Chicago, IL – Degree: Juris Doctor (JD) 1999 and Master's in Taxation (LLM) 2005

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Principal, Vice President, Senior Financial Advisor) 2005 – 2015

Kovitz Securities, LLC, Chicago, IL (Principal, Vice President) 2005 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

Mr. Gianopoulos is the manager of Hough Street Holdings, LLC (Hough). Mr. Gianopoulos formed Hough solely to hold a personal real estate investment. There are no perceived conflicts of interest presented by Mr. Gianopoulos' involvement with Hough and his positions with Kovitz and its affiliates. Mr. Gianopoulos does not spend material time or effort with Hough. Also, please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Gianopoulos' advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Gianopoulos with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Mitchell P. Hamer, CFP®<sup>2</sup>

Year of Birth: 1988

University of Illinois, Urbana, IL – Degree: Bachelor of Science in Psychology (BS) 2010

Kovitz Investment Group Partners, LLC, Chicago, IL (Financial Advisor) 2019 – Present

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2019 – 2020

Asset Management Group/Sunset Partners Capital Management (Associate) 2013 – 2019

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Hamer's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Hamer with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Cara J. Haselrig

Year of Birth: 1989

Duke University, Durham, NC – Degree: Bachelor of Arts in Public Policy (BA) 2012

Kovitz Investment Group Partners, LLC, Chicago, IL (Associate Financial Advisor) 2017 – Present

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2017 – 2020

Charles Schwab & Co., Inc., Indianapolis, IN (Client Service Specialist) 2014 – 2017

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. Haselrig's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. Haselrig with respect to formulating investment advice for Kovitz advisory clients.

**8000 Excelsior Drive, Suite 201  
Madison, WI 53717**

### **Educational Background and Business Experience**

Stephen L. Hawk

Year of Birth: 1941

University of Wisconsin, Madison, WI – Degree: Bachelor of Business Administration (BBA)  
1963

University of Wisconsin, Madison, WI – Degree: Master of Business Administration (MBA)  
1964

University of Wisconsin, Madison, WI – Degree: Doctorate in Business (Finance) (Ph.D)  
1969

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor)  
2019 – Present

Northern Capital Management, LLC (Managing Partner) 1983 – 2018

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Daniel T. Murphy, Principal, 608-828-8104, is responsible for supervising Mr. Hawk's advisory activities on behalf of Kovitz. Mr. Murphy is responsible for the investment recommendations of the "NorCap" division of Kovitz, and supervises Mr. Hawk with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Joel D. Hirsh, CFA®<sup>3</sup>

Year of Birth: 1982

University of Michigan, Ann Arbor, MI – Degree: Bachelor of Arts (BA) 2004

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Portfolio Manager) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Principal, Portfolio Manager) 2006 – 2015

Kovitz Securities, LLC, Chicago, IL 2006 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

Mr. Hirsh, and certain other executive officers of Kovitz, receive compensation and other consideration from the owner of Kovitz that varies based on the overall performance of Kovitz. Please also see the above Affiliated-Firm Disclosure.

## **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Hirsh's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Hirsh with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Deborah A. Hopkins, MBA, CFP®<sup>2</sup>

Year of Birth: 1963

University of Illinois, Urbana, IL – Degree: Bachelor of Science (BS) 1986

Kellogg Graduate School of Management at Northwestern University, Chicago, IL – Degree: Master of Business Administration in Finance (MBA) 1991

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Senior Financial Advisor) 2011 – 2015

Kovitz Securities, LLC, Chicago, IL (Senior Financial Advisor) 2011 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see above the Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. Hopkins' advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. Hopkins with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Joel M. Hunter, CFP®<sup>2</sup>

Year of Birth: 1990

Ohio State University, Columbus, OH – Degree: Bachelor of Science in Financial Planning (BS) 2013

Kovitz Investment Group Partners, LLC, Chicago, IL (Financial Advisor) 2018 – Present

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2018 – 2020

Trinity Financial Advisors, LLC, Chicago, IL (Financial Planner) 2013 – 2018

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Hunter's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Hunter with respect to formulating investment advice for Kovitz advisory clients.

### **Educational Background and Business Experience**

Kate E. Jonynas, CFP®<sup>2</sup>

Year of Birth: 1986

DePaul University, Chicago, IL – Degree: Bachelor of Science in Economics (BS) 2008

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor)

2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Financial Advisor) 2008 – 2015

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2008 – 2020

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

### **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. Jonynas' advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. Jonynas with respect to formulating investment advice for Kovitz advisory clients.

## Educational Background and Business Experience

Mitchell A. Kovitz, CFA®<sup>3</sup>, CPA<sup>1</sup>

Year of Birth: 1964

University of Illinois, Urbana, IL – Degrees: Bachelor of Science in Accounting (BS) 1986, Master's in Taxation 1987

Kovitz Investment Group Partners, LLC, Chicago, IL (Founder, Principal, CEO, Co-Chief Investment Officer, Portfolio Manager) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Founder, Principal, CEO, Co-Chief Investment Officer, Portfolio Manager) 2003 – 2015

Kovitz Securities, LLC, Chicago, IL (Founder, Principal, CEO) 2003 – 2020

## Disciplinary Information

No information is applicable to this Item.

## Other Business Activities

None – please see the above Affiliated-Firm Disclosure.

## Additional Compensation

Mr. Kovitz, and certain other executive officers of Kovitz, receive compensation and other consideration from the owner of Kovitz that varies based on the overall performance of Kovitz. Please also see the above Affiliated-Firm Disclosure.

## Supervision

Robert A. Contreras, Co-President, 312-334-7338, and Theodore J. Rupp, Co-President, 312-334-7317, are responsible for supervising Mr. Kovitz's advisory activities on behalf of Kovitz. Messrs. Contreras and Rupp are responsible for all operations of the firm. Additionally, Mr. Kovitz's investment management and client service activities are reviewed by other firm principals as part of the firm's supervisory policies.

**8000 Excelsior Drive, Suite 201  
Madison, WI 53717**

### **Educational Background and Business Experience**

Michael T. Krachey, CFA®<sup>3</sup>

Year of Birth: 1976

University of Wisconsin, Madison, WI – Degree: Bachelor of Business Administration (BBA)  
1999

Kovitz Investment Group Partners, LLC, Chicago, IL (Assistant Portfolio Manager) 2019 –  
Present

Northern Capital Management, LLC (Assistant Portfolio Manager) 2003 – 2018

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Daniel T. Murphy, Principal, 608-828-8104, is responsible for supervising Mr. Krachey's advisory activities on behalf of Kovitz. Mr. Murphy is responsible for the investment recommendations of the NorCap division of Kovitz, and supervises Mr. Krachey with respect to formulating investment advice for Kovitz advisory clients.

**8000 Excelsior Drive, Suite 201  
Madison, WI 53717**

### **Educational Background and Business Experience**

Daniel T. Murphy, CFA®<sup>3</sup>

Year of Birth: 1963

University of Wisconsin, Madison, WI – Degree: Bachelor of Business Administration (BBA) 1986

University of Wisconsin, Madison, WI – Degree: Master of Business Administration – Finance and Investments (MBA) 1988

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Portfolio Manager) 2019 – Present

Northern Capital Management, LLC (Managing Partner) 1995 – 2018

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Murphy's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Murphy with respect to formulating investment advice for Kovitz advisory clients.

### **Educational Background and Business Experience**

Kendall M. Navin

Year of Birth: 1994

DePaul University, Chicago, IL – Degree: Bachelor of Science (BS) in Finance 2016

Kovitz Investment Group Partners, LLC, Chicago, IL (Associate Financial Advisor) 2020 – Present

The Ayco Company, L.P., Deerfield, IL (Financial Planner) 2017-2020

Managed Accounts Research Inc., Chicago, IL (Managed Futures Associate) 2016-2017

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

### **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Ms. Navin's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Ms. Navin with respect to formulating investment advice for Kovitz advisory clients.

### **Educational Background and Business Experience**

Christopher J. Nicholson, CFP®<sup>2</sup>

Year of Birth: 1987

University of Iowa, Iowa City, IA – Degree: Bachelor of Science (BS) 2008

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor)

2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Financial Advisor) 2014 – 2015

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2014 – 2020

JMG Financial Group, Ltd., Oak Brook, IL (Financial Planning Assistant) 2010 – 2014

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

### **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Nicholson's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Nicholson with respect to formulating investment advice for Kovitz advisory clients.

### **Educational Background and Business Experience**

Andrew Novak, CFP®<sup>2</sup>

Year of Birth: 1992

University of Dayton, Dayton, OH – Degree: Bachelor of Science (BS) in Business

Administration in Accounting & Entrepreneurship 2015

Kovitz Investment Group Partners, LLC, Chicago, IL (Financial Advisor) 2020 – Present

Mesirow Financial, Inc., Highland Park, IL (Wealth Specialist) 2018 - 2020

Balasa Dinverno Foltz LLC, Itasca, IL (Senior Financial Planner) 2016 – 2018

Edward Jones, Naperville, IL (Financial Advisor) 2015 -2016

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

### **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Novak's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Novak with respect to formulating investment advice for Kovitz advisory clients.

**8000 Excelsior Drive, Suite 201  
Madison, WI 53717**

### **Educational Background and Business Experience**

Paul A. Perry

Year of Birth: 1957

University of Wisconsin, Eau Claire, WI – Degree: Bachelor of Business Administration (BBA) 1979

University of Nebraska, Lincoln, NE – Degree: Master of Arts (MA) and Juris Doctor (JD) 1983

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Financial Advisor) 2019 – Present

Northern Capital Management, LLC (Managing Partner) 1994 – 2018

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Daniel T. Murphy, Principal, 608-828-8104, is responsible for supervising Mr. Perry's advisory activities on behalf of Kovitz. Mr. Murphy is responsible for the investment recommendations of the NorCap division of Kovitz, and supervises Mr. Perry with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Jason M. Petitte, CFA®<sup>3</sup>

Year of Birth: 1980

DePaul University, Chicago, IL – Degree: Bachelor of Science (BS) 2002

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Senior Analyst) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Senior Analyst) 2005 – 2015

Kovitz Securities, LLC, Chicago, IL (Analyst, Trader) 2005 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mitchell A. Kovitz, Principal, CEO, and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Petitte's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Petitte with respect to formulating investment advice for Kovitz advisory clients.

**20 Enterprise, Suite 305**  
**Aliso Viejo, CA 92656**

### **Educational Background and Business Experience**

Christopher Quigley

Year of Birth: 1989

University of Southern California, Los Angeles, CA – Degree: Bachelor of Arts in Economics (BA) 2011

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Research Analyst) 2018 – Present

AFAM Capital, Inc., Austin, TX (Senior Research Analyst) 2011 – 2018

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Quigley's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Quigley with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

John E. Roessler, CPA<sup>1</sup> CFP<sup>®2</sup>

Year of Birth: 1968

University of Michigan, Ann Arbor, MI – Degree: Bachelor of Arts in History (BA) 1990

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Financial Planner) 2018 – Present

Kovitz Securities, LLC, Chicago, IL (Financial Advisor) 2018 – 2020

Firstwave Financial, Inc., Satellite Beach, FL (Wealth Coach) 2015 – 2017

BKD Wealth Advisors, LLC, Indianapolis, IN (Advisor) 2014 – 2015

Budros, Ruhlin & Roe, Inc., Columbus, OH (Senior Financial Planner) 1997 – 2014

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mark C. Rosland, Principal, 312-334-7322, is responsible for supervising Mr. Roessler's advisory activities on behalf of Kovitz. Mr. Rosland is responsible for the activities of the firm's advisory representatives and supervises Mr. Roessler with respect to formulating investment advice for Kovitz advisory clients.

### **Educational Background and Business Experience**

Mark C. Rosland

Year of Birth: 1975

University of Iowa, Iowa City, IL – Degree: Bachelor of Arts (BA) 1997

Kovitz Investment Group Partners, LLC, Chicago, IL (Principal, Analyst, Trader, Director – Hedge Fund Operations) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Analyst, Trader, Director – Hedge Fund Operations) 2003 – 2015

Kovitz Securities, LLC, Chicago, IL (Analyst, Trader) 2003 – 2020

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

### **Supervision**

Mitchell A. Kovitz, Principal, CEO, and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Rosland's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Rosland with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Jonathan A. Shapiro, MBA, CFA®<sup>3</sup>

Year of Birth: 1964

Carleton College, Northfield, MN – Degree: Bachelor of Arts (BA) 1986

University of Chicago, Chicago, IL – Degree: Master of Business Administration (MBA) 1997

Kovitz Investment Group Partners, LLC, Chicago, IL (Founder, Principal, Vice President, Co-Chief Investment Officer, Portfolio Manager) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Founder, Principal, Vice President, Co-Chief Investment Officer, Portfolio Manager) 2003 – 2015

Kovitz Securities, LLC, Chicago, IL (Founder, Principal, Vice President) 2003 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

Mr. Shapiro, and certain other executive officers of Kovitz, receive compensation and other consideration from the owner of Kovitz that varies based on the overall performance of Kovitz. Please also see the above Affiliated-Firm Disclosure.

## **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Shapiro's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Shapiro with respect to formulating investment advice for Kovitz advisory clients.

## **Educational Background and Business Experience**

Jesse L. Stumpf, CFA®<sup>3</sup>

Year of Birth: 1988

University of Illinois, Urbana, IL – Degree: Bachelor of Science in Finance (BS) 2010

Kovitz Investment Group Partners, LLC, Chicago, IL (Analyst) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Analyst) 2012 – 2015

Kovitz Securities, LLC, Chicago, IL (Analyst) 2012 – 2020

## **Disciplinary Information**

No information is applicable to this Item.

## **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

## **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

## **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Stumpf's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Stumpf with respect to formulating investment advice for Kovitz advisory clients.

**20 Enterprise, Suite 305  
Aliso Viejo, CA 92656**

### **Educational Background and Business Experience**

Zachary W. Tart

Year of Birth: 1988

North Carolina State University, Raleigh, NC – Degree: Bachelor of Science (BS) in Ag Business Management 2011

Kovitz Investment Group Partners, LLC, Chicago, IL (Portfolio and Research Associate) 2019 – Present

Wells Fargo Advisors Financial Network, LLC, Aliso Viejo, CA (Wealth Associate) 2017 - 2019

USAA Financial Advisors, Inc., Tampa, FL (Specialized Investment Services Representative) 2013 - 2015

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

None – please see the above Affiliated-Firm Disclosure.

### **Additional Compensation**

None – please see the above Affiliated-Firm Disclosure.

### **Supervision**

Mitchell A. Kovitz, Principal, CEO and Co-Chief Investment Officer, 312-334-7301, is responsible for supervising Mr. Tart's advisory activities on behalf of Kovitz. Mr. Kovitz is responsible for the operations of the firm's investment committee and supervises Mr. Tart with respect to formulating investment advice for Kovitz advisory clients.

## Educational Background and Business Experience

Bruce A. Weininger, CPA<sup>1</sup>, CFP®<sup>2</sup>

Year of Birth: 1964

University of Illinois, Urbana, IL – Degree: Bachelor of Science (BS) 1986

Kovitz Investment Group Partners, LLC, Chicago, IL (Senior Financial Advisor) 2016 – Present

Kovitz Investment Group, LLC, Chicago, IL (Principal, Vice President, Senior Financial Advisor) 2004 – 2015

Kovitz Securities, LLC, Chicago, IL (Principal, Vice President) 2004 – 2020

## Disciplinary Information

No information is applicable to this Item.

## Other Business Activities

None – please see the above Affiliated-Firm Disclosure.

## Additional Compensation

None – please see the above Affiliated-Firm Disclosure.

## Supervision

Robert A. Contreras, Co-President, 312-334-7338, and Theodore J. Rupp, Co-President, 312-334-7317, are responsible for supervising Mr. Weininger's advisory activities on behalf of Kovitz. Messrs. Contreras and Rupp are responsible for all operations of the firm.

## Designation disclosures:

- 1 About the CPA professional designation: CPA stands for Certified Public Accountant. The American Institute of Certified Public Accountants and/or the comparable state organization issues the designation. Generally, the CPA candidate must have a bachelor's degree with 120 hours semester hours, pass the Uniform CPA Exam, attain relevant work experience, and meet additional continuing education requirements. Please refer to the AICPA, [www.aicpa.org](http://www.aicpa.org), for additional information.
- 2 About the CFP® professional designation: CFP® stands for Certified Financial Planner. The Certified Financial Planner Board of Standards, Inc. (CFP Board) issues the designation. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:
  - Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). The CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.
  - Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.
  - Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
  - Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field.
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

Please refer to the CFP Board, [www.cfp.net](http://www.cfp.net), for additional information.

- 3 About the CFA® professional designation: CFA® stands for Chartered Financial Analyst. The CFA® Institute issues the designation. Generally, the CFA® candidate must either have an undergraduate degree and four years of professional experience involving investment decision making, or four years qualified work experience. The CFA® candidate must also undertake a self-study program consisting of 250 hours of study for each of the three “levels” of the CFA® and must pass three course exams. Please refer to the CFA® Institute, [www.cfainstitute.org](http://www.cfainstitute.org), for additional information.
- 4 About the CRPC® professional designation: CRPC® stands for Chartered Retirement Planning Counselor. The College for Financial Planning issues the designation. To obtain the right to use the CRPC® mark, an individual must satisfactorily fulfill the following requirements:
  - Education – online instructor led self-study course.
  - Examination – Pass a final designation, online, closed-book, proctored exam.Individuals who become certified must complete 16 hours of continuing education every two years.

Please refer to the College for Financial Planning, [www.cffpinfo.com](http://www.cffpinfo.com), for additional information.
- 5 About the CTFA designation: CTFA stands for Certified Trust and Financial Advisor. The American Bankers Association issues the designation. Generally, the CTFA candidate must have a combination of relevant professional work experience in wealth management, complete training programs administered by the Institute of Certified Bankers (a subsidiary of the American Bankers Association), and pass a written examination. Please refer to the American Bankers Association, [www.aba.com](http://www.aba.com), for additional information.

## **Kovitz Privacy Notice**

This privacy policy applies to current or former clients, customers, consumers and investors of: Kovitz Investment Group Partners, LLC; New Millennium Fundamental Hedged Equity, L.P.; and New Millennium Fundamental Hedged Equity QP, L.P.; . (hereafter collectively referred to as the “Kovitz Companies”).

### **How do the Kovitz Companies handle your personal information?**

**Why?** Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?** Nonpublic personal information means that information about you that we collect in connection with providing a financial product or service to you. Nonpublic personal information does not include information that is available from public sources, such as telephone directories or government records.

The types of personal information we collect and share depends on the product or service we provide to you. This information can include.

- Your name, address, and Social Security number;
- Your assets, income, and similar information;
- Information about your transactions with us, our affiliates, or others, such as your account balance(s) and payment history (for example, check-writing activity or wire transfers);
- Transaction, website navigation, and optional survey information collected from internet products and services such as a Kovitz Companies website;
- Information we receive from consumer reporting agencies, such as credit relationships and credit history.

**How?** All financial companies need to share all or a portion of the above personal information to run their everyday business. In the section below, we list the reasons financial companies can share such personal information, the reasons the Kovitz Companies choose to share, and whether you can limit this sharing:

Reasons we can share your personal information	Do the Kovitz Companies share this information?	Can you limit this sharing?
<b>For our everyday business purpose –</b> such as: <ul style="list-style-type: none"> <li>• to administer your accounts;</li> <li>• to process transactions requested by you;</li> <li>• to provide financial products or services;</li> <li>• to evaluate your investment needs;</li> <li>• to identify other products or services that may interest you;</li> <li>• to determine your eligibility for products;</li> <li>• to collect or report debts owed to us, and to protect our rights and property;</li> <li>• to respond to regulatory inquiries</li> </ul>	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	<b>No. The Kovitz Companies do not sell or share personal information with non-affiliated companies for the purpose of marketing their products or services to you.</b>	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For nonaffiliates to market to you</b>	<b>No. The Kovitz Companies do not sell or share personal information with non-affiliated companies for the purpose of marketing their products or services to you.</b>	We don't share

<b>To limit our sharing, or if you have questions:</b>	Contact: <b>Compliance</b> <b>Attn: Privacy</b> <b>71 S Wacker Dr,</b> <b>Suite 1860</b> <b>Chicago, IL 60606</b> <b>(312) 334-7300</b>  <b>Please note:</b> if you are a <i>new</i> customer, we can begin sharing your information immediately from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.  <b>However,</b> you can contact us at any time to limit our sharing.
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<b>Who we are</b>	
<b>Who is providing this notice?</b>	<b>The Kovitz Companies</b>
<b>What we do</b>	
<b>How do the Kovitz Companies protect my personal information?</b>	All employees of the Kovitz Companies are instructed to use strict standards of care regarding the confidentiality of your nonpublic personal information as outlined in firm policies. We maintain physical, electronic, and procedural safeguards that comply with applicable laws to protect your nonpublic personal information, and restrict access to those employees who need access to provide financial products and services to you. Employees not adhering to our firm policies are subject to disciplinary action. We intend to verify that non-affiliated companies and independent contractors to whom we provide your nonpublic personal information implement procedures to protect the privacy of your nonpublic personal information or otherwise enter into confidentiality agreements that restrict the use of the information to the intended purposes.
<b>How do the Kovitz Companies collect my personal information?</b>	We collect your personal information, for example, when you: <ul style="list-style-type: none"> <li>open an account with the Kovitz Companies or give us your income information;</li> <li>tell us about your portfolio or deposit money;</li> <li>Enter into an investment advisory contract;</li> <li>We collect your personal information from others, such as credit bureaus, affiliates, or other companies</li> </ul>
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>sharing for affiliates' everyday business purposes – information about your creditworthiness;</li> <li>affiliates from using your information to market to you;</li> <li>sharing for non-affiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing.
<b>What happens when I limit sharing for an account I hold jointly with someone else?</b>	This will limit the sharing of your personal, non-public information, but will not limit the sharing of the non-public information of the joint account holder(s).
<b>Definitions</b>	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and non-financial companies. In this case, the Kovitz Companies (as described at the beginning of this notice).

<b>Non-Affiliates</b>	Companies not related by common ownership or control. They can be financial and non-financial companies. In this case, the clearing firm, custodian and other independent, third party contractors which allow us to provide you with performance and transaction summary information, or which perform administrative services on our behalf. The Kovitz Companies do not share with non-affiliates so they can market to you.
<b>Joint Marketing</b>	The Kovitz companies do not jointly market.