

ITEM 1: COVER PAGE

## TEAM HEWINS, LLC

SEC File Number: **801-112939**

**Firm Brochure**

**(Part 2A of Form ADV)**

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This Brochure provides information about the qualifications and business practices of Team Hewins, LLC (“Team Hewins”). If you have any questions about the contents of this Brochure, please contact us at 650-620-3040. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“the SEC”) or by any state securities authority. Team Hewins is registered as an investment advisor with the SEC. Registration of an investment advisor does not imply any level of skill or training. Additional information about Team Hewins is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**ITEM 2: MATERIAL CHANGES**

No material changes have been made to Team Hewins' Brochure compared to Team Hewins' Brochure filed on; however, the following information has been updated:

Under Item 4(b) – Other Services - Team Hewins no longer provides Business Financial Planning Services.

## ITEM 4: ADVISORY BUSINESS

Team Hewins, LLC (“Team Hewins,” “we,” “our” or “us”) is a limited liability company formed in 2017 in the state of Delaware. The SEC granted Team Hewins’ registration as an investment advisor effective April 20, 2018. Team Hewins is owned by Roger Hewins (who has a majority interest), John Bussel (who has the next largest interest), Mikhael Balakov (who has the next largest interest after John Bussel) and several other members. Eight principals of Team Hewins were previously principals with Hewins Financial Advisors, LLC, now known as Wipfli Financial Advisors, LLC, which is affiliated with the CPA firm, Wipfli LLP, and is wholly owned by Wipfli Financial, LLC (collectively, “Wipfli”). Effective May 31, 2018, these Team Hewins principals redeemed their membership interests in Wipfli. Other personnel (non-members) also joined the Team Hewins team.

Mr. Hewins manages day-to-day operations of the Firm with assistance from the Firm’s senior management team, which meets weekly. The Firm’s principals meet periodically to decide on matters that require members’ approval.

For additional information about Team Hewins’ ownership structure, please refer to Schedule A of our Form ADV Part 1A, which is available at no cost either online at [www.sec.gov](http://www.sec.gov) or by contacting the firm itself.

As discussed below, Team Hewins offers investment advisory and financial planning services to our clients (including individuals and couples, families, business entities, pension and profit-sharing plans, trusts, estates and charitable organizations). Clients are free to choose one service without any obligation to engage us for any other. We reserve the right to refuse any engagement we deem as an improper fit for our services.

### **A. INVESTMENT ADVISORY SERVICES**

In addition to our financial planning and investment advisory services, we also provide Retirement Plan Services and other consulting services. Each of our services is described below, and fees for each service are discussed in Item 5.

#### **1. Standard Investment Advisory Services**

Our standard investment advisory services are available to individuals and families, trusts and estates, pension and profit-sharing plans, business entities and charitable organizations. Clients can engage us to provide ongoing investment advisory services on a discretionary or nondiscretionary basis in accordance with the client’s investment objectives. Our services and all conditions to them are fully described in the written Investment Advisory Agreement, provided to and signed by each client. Our minimum account size (i.e., a required minimum amount of assets under our management (“AUM”)) for standard investment advisory services is \$1,000,000. We may waive the minimum account size depending on client circumstances. We may aggregate clients’ assets with assets of their family members, who are also our clients, to allow all members of the family to achieve fee breakpoints. Our fees and various additional discounts are discussed more fully in Item 5.

We provide investment advisory services specific to the needs of each client. These services are provided to the client by a dedicated Team Hewins Investment Advisor Representative (“IAR”). The IAR ascertains, in consultation with the client, the client’s financial situation, risk tolerance and investment objectives as

well as other pertinent information. From this information, the IAR prepares a written Investment Policy Statement (“IPS”) that is then reviewed and signed by the client. The IPS can be modified at any time after a consultation between the client and the IAR. We generally recommend that clients allocate their investment assets among various mutual funds; however, depending on the client’s specific financial situation, objectives and risk tolerances, we sometimes recommend Independent Third-Party Asset Managers or Private Investment Funds where appropriate and as described below. All recommendations are made in accordance with the investment profile of the client and investment strategies set forth in the IPS. In certain circumstances, clients are permitted to impose reasonable restrictions regarding their investments — for example, through “socially responsible” investing.

As part of our investment advisory services, we make certain investment benefits available to our clients that are not otherwise available to retail investors. Such benefits include:

- Access to professionally-developed and monitored model portfolios suitable for investors with a wide range of risk tolerances;
- Access to institutional share classes (i.e., lower-cost share classes) of certain mutual fund families, by nature of our business relationship with those fund families;
- Access to certain fund families whose substantial minimums would normally preclude retail client investment. We are able to offer funds from these fund families due to the level of assets that we invest on behalf of our clients; and
- Access to certain lower-cost fund families made available only to a select group of registered investment advisors.

Clients are strongly encouraged to communicate to us any changes to their financial circumstances or any other material changes in their lives that could impact their investments.

As described in Item 8, portfolio rebalancing and tax-loss harvesting are part of the standard investment advisory services we provide for clients.

Although clients can engage us for financial planning services alone (as discussed in greater detail below), we generally provide financial planning services in conjunction with our standard investment advisory services. We use an interactive planning tool to develop a thorough understanding of our clients and their financial lives. The use of this tool provides clients with immediate visual feedback of the financial results stemming from different assumptions and choices. This information is used to help clients establish investment objectives and risk tolerances.

In general, our clients’ accounts are implemented via the custody platform at Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (hereinafter referred to as “Schwab”). To receive our services, clients enter into written account agreements with the custodian. For fees associated with custodial services, please refer to Item 5.

### **a. Independent Managers**

To address a client's investment objectives, we sometimes recommend that the client allocate a portion of his or her investment assets to one or more unaffiliated independent investment managers. Factors that we consider before recommending an independent manager include but are not limited to the client's investment objectives, the overall size of the client's investment portfolio, the independent manager's management style, investment team, performance history, reputation, financial strength, pricing and investment process. Some of these independent managers are not available to the general public.

To hire an independent manager, the client will enter into a separate agreement with the independent manager. The independent manager shall have day-to-day responsibility for the discretionary management of the allocated assets, and we will continue to render investment advisory services regarding the assets placed with the independent manager, including the ongoing monitoring and review of account performance and compliance with the client's investment objectives.

If a client chooses to invest with independent managers, he or she will incur a separate fee for the independent manager for those services, and the value of the client's assets invested with the manager will be included in the calculation of our investment advisory fees. We do not receive any referral fees for recommending any independent manager.

### **b. Private Investment Funds**

We provide some of our high-net-worth clients with investment advice regarding private investment funds. Our role relative to private investment funds shall be limited to initial and ongoing due diligence and investment monitoring services. If a client chooses to become a private investment fund investor, the client will enter into a separate agreement with the private investment fund(s) in question and will incur separate fees that vary based upon the specifics of the fund(s). Assets invested in the private investment fund(s) will be included in the calculation of our investment advisory fees. We do not receive any referral fee for recommending any investment with a private investment fund. The Firm's principals and employees might invest in private investment funds that have been recommended to or are owned by certain clients.

Our private fund investment program is recommended only to clients that meet certain investor sophistication standards that are defined in the federal securities laws and regulations, i.e. accredited investor standard or qualified purchaser standard. Each fund will have a sophistication standard that a client must meet, as set forth in the fund's governing documents. Given the illiquid and risky nature of private equity investing, clients who decide to invest in these funds must be willing to commit to a long-term investment and tolerate the high risk associated with investing in them. Additionally, many private investment funds have high minimum investment amounts (typically between \$250,000 and \$500,000); therefore, we recommend them to clients that have a level of assets that enables them to achieve appropriate diversification (by investment type and vintage year) within this segment.

Risks that are specific to investing in private investment funds are discussed in detail, among all other risks, in Item 8 of this Brochure.

## **2. Retirement Plan Services – Investment Advisory Services for Employee Benefit Plans**

We provide investment advisory services to employee benefit plans, including but not limited to 401(k) plans, profit-sharing plans and pension plans. Each employee benefit plan client ("Plan") that engages us for Retirement Plan Services can generally do so either on an ERISA Section 3(38) fiduciary basis or an ERISA Section 3(21) fiduciary basis. When a Plan engages us for either ERISA 3(21) basis or ERISA 3(38)

basis, we acknowledge our status as a fiduciary to the Plan, as defined in Sections 3(38) and 3(21) of ERISA, and we assume the duties, responsibilities and obligations of such a fiduciary.

Furthermore, Team Hewins acknowledges that it adheres to impartial conduct standards, whereby we provide investment advice that is in the best interest of the Plan; we receive compensation that is not in excess of reasonable compensation (within the meaning of ERISA); and we will not make any materially misleading statements to the Plan regarding the advisor's services and recommendations, fees and compensations, material conflicts of interest and any other matters relevant to the Plan's investment decisions.

The exact scope of our services varies depending on whether we are engaged on an ERISA 3(38) fiduciary basis or an ERISA 3(21) fiduciary basis. We reserve the right to refuse to be engaged on an ERISA 3(38) basis or an ERISA 3(21) basis, or for any particular type of Retirement Plan Services, in any particular engagement.

As part of our Retirement Plan Services, we provide the following services to the Plan:

- We review the Plan's investment policies and guidelines with the Plan's sponsor;
- We work with the Plan sponsor to develop an IPS for the Plan;
- In accordance with the investment strategies in the Plan's IPS, we help design, implement and monitor investment options for the Plan's participants;
- We report to and meet with the Plan's sponsor(s) on a regular basis to review performance of the Plan's investment options and participant participation;
- Depending upon the scope of the arrangement with the Plan, we provide periodic on-site enrollment meetings with the Plan's participants; and
- We provide education to the Plan's participants regarding the benefits of participating in the Plan and answer participants' questions regarding the Plan's investment options, both remotely and on-site periodically.

Typically, a Plan that engages us on an ERISA 3(38) basis for Retirement Plan Services does so on a discretionary basis, while a Plan that engages us on an ERISA 3(21) basis does so on a nondiscretionary basis. Our minimum account size (i.e., a required minimum amount of assets under our management ("AUM")) for Retirement Plan Services is \$1,000,000. We may waive the minimum account size depending on client circumstances.

Details regarding our fees for Retirement Plan Services are discussed in detail in Item 5 of this Brochure.

## **B. OTHER SERVICES**

### **1. Financial Planning and Consulting Services**

Clients who do not have an investment advisory relationship with us can elect to receive financial planning services pursuant to the terms of a written Financial Planning Agreement. The Financial Planning Agreement describes the scope of the services to be provided and the fees to be charged.

On a stand-alone, separate-fee basis, we can provide consulting services on various non-investment

financial issues. For these consulting services, the client will sign a separate agreement describing the scope of the services and the fees to be charged. We can, in our sole discretion, waive any or all fees for consulting services.

Neither we, nor any of our employees, serve our clients as an accountant or attorney, and no portion of our services should be viewed as a substitute for such services.

## **2. Limited Scope Administrative Services to Other Investment Advisory Firms**

Team Hewins provides limited scope administrative services (“Back-Office Services”) to a third-party non-affiliated registered investment advisory firm (“RIA Client”). Such services are provided pursuant to a signed written agreement which outline the scope and details of Back-Office Services provided.

Back-Office Services generally include:

- Portfolio accounting services;
- Billing (invoice calculations, reconciliation and fee processing);
- End-client reporting;
- Training, as requested and negotiated by the RIA Client; and
- Other ad hoc administrative services, as requested and negotiated by a specific RIA Client.

As part of the Back-Office Services offering, Team Hewins requires RIA Client to disclose the engagement of Team Hewins to provide such services. As a result of providing Back-Office Services, Team Hewins may gain access to nonpublic, personal information of RIA Client’s end-clients. To mitigate this conflict, Team Hewins has entered into a confidentiality agreement with the RIA Client and adopted policies and procedures to protect such nonpublic personal information pursuant to privacy and security safeguards.

## **C. ADDITIONAL OBLIGATIONS AND DISCLOSURES REGARDING OUR SERVICES**

### **1. Client Obligations and Responsibilities**

We offer our clients a selection of services; clients who engage us for one of the services we provide are under no obligation to engage us for any of the other services.

We are not required to verify any information we receive from the client or from the client’s other professionals, and the Investment Advisory Agreement expressly authorizes us to rely on information provided to us.

It remains the client’s responsibility to promptly notify us if there is ever any change to his or her financial situation or investment objectives so that our recommendations continue to be appropriate for their needs.

### **2. Courtesy (Non-Managed) Accounts**

As a matter of accommodation and convenience to existing Team Hewins clients who have other managed assets with us, we allow clients to establish Courtesy Accounts (“Courtesy Accounts”) at Schwab wherein they receive the benefit of Team Hewins’ negotiated pricing and share classes associated with non-retail account.

Such Courtesy Accounts can only be established after the client signs a Courtesy Account Agreement. Team Hewins does not assume the responsibility to manage, monitor, or report on these accounts, or any securities that they may hold. Clients are strongly encouraged to effectuate their own trading in these Courtesy Accounts. Team Hewins makes the best effort to accommodate non-solicited trade requests from clients, but only upon clients' explicit written instructions, and only after review and approval by Team Hewins' Director of Operations. Team Hewins cannot guarantee timely execution of any such trades and reserves the right to reject any trade. Clients who wish to establish a Courtesy Account should review the Courtesy Account Agreement carefully prior to signing it. Team Hewins will not charge any fees on Courtesy Accounts.

**3. Wrap Fee Program**

We do not participate in a wrap fee program.

**4. Assets Under Management**

As of December 31, 2019, Team Hewins had total regulatory assets under management ("RAUM") of \$2,023,288,665--\$1,072,051,853 on a discretionary basis and \$951,235,812 on a non-discretionary basis.

**ITEM 5: FEES AND COMPENSATION**

**A. INVESTMENT ADVISORY SERVICES**

Our fees for our investment advisory service lines (standard investment advisory services and Retirement Plan Services) are set forth immediately below. In each instance, our annual fees for investment advisory services are paid quarterly in advance, based upon the market value of the AUM on the last business day of the previous quarter. The initial quarterly fee is based on funding dates or the date(s) assets are transferred. Generally, clients elect to have our advisory fees deducted from their custodial accounts. The custodial agreement signed by the client typically authorizes the custodian to debit the account for the amount of our fees and to directly remit the fees to us in compliance with procedures accepted by the SEC. For a small subset of clients for whom direct billing is necessary, payment is due upon receipt of our invoice.

Our Investment Advisory Agreements with our clients continue in effect until terminated by either us or by the client(s) with 30 days written notice. Depending on circumstances, we may waive the notice requirement. After termination, we will provide a prorated refund on any unearned portion of the advisory fee that was paid in advance, in accordance with the terms of the Investment Advisory Agreement. Any refund due will be paid within five weeks of notice of termination.

**1. Standard Investment Advisory Services**

Our annual fee for standard investment advisory services is tiered, based upon a percentage (%) of the market value of the AUM as follows:

<u>ASSET BREAKPOINTS</u>	<u>ANNUAL FEE</u>
<b>First</b> \$2,000,000	1.00%
<b>Next</b> \$3,000,000	0.85%
<b>Next</b> \$5,000,000	0.40%
<b>Above</b> \$10,000,000	0.30%

We may negotiate discounts from the above quoted fees. Any fee discounts must be approved by a member of our senior management. The fees above are for standard investment advisory services, as detailed in each applicable Investment Advisory Agreement, and include basic financial planning services. If a client requires specific consulting services, those services may require a separate agreement and incur a separate fee. Team Hewins typically charges a minimum fee of \$1,250 per quarter but reserves the right to waive the minimum fee on a case by case basis.

As of the date of this filing there are a small number of legacy accounts with higher rates than described above because these accounts are significantly below the minimum account size required by the Firm.

**Independent Managers and Private Investment Funds**

Independent manager and private investment fund fees are in addition to and separate from the advisory fees we charge. Fees charged will vary among the independent managers and private investment funds.

The independent manager's fee will be outlined in a separate agreement between the independent manager and the client. The fee for private investment funds will be outlined in the offering documents provided by the fund.

**2. Retirement Plan Services**

The annual fee for Retirement Plan Services, regardless of whether we are engaged as an ERISA 3(38) fiduciary or a 3(21) fiduciary, is tiered and based on a percentage (%) of the market value of the assets of the Plan under management, as follows:

<b><u>ASSET BREAKPOINTS</u></b>	<b><u>ANNUAL FEE</u></b>
<b>First \$500,000</b>	0.75%
<b>Next \$1,500,000</b>	0.50%
<b>Next \$3,000,000</b>	0.40%
<b>Next \$5,000,000</b>	0.25%
<b>Next \$5,000,000</b>	0.20%
<b>Above \$15,000,000</b>	0.10%

We may negotiate discounts from the above quoted fees. Any fee discounts must be approved by a member of our senior management and documented. Team Hewins typically charges a minimum fee of \$500 per quarter but reserves the right to waive the minimum fee on a case by case basis.

**B. OTHER SERVICES**

**1. Financial Planning and Consulting Services**

Our financial planning and consulting fees are negotiable and dependent upon the level and scope of the services required as well as the IAR(s) rendering the services. Fees typically range from \$3,000 to \$10,000 on a fixed-fee basis, or on an hourly rate basis ranging from \$100 to \$400 per hour. Fees for financial planning and consulting services are typically billed either on a quarterly basis or at the end of the project, except in cases of projects with extended length, where interim billing could take place. These fees are not deducted from client accounts; instead, they are paid directly by the client. We reserve the right to request an initial deposit.

**2. Fees for Administration/Back-Office Services**

Back-Office Services fees vary based upon the service types requested and the complexity of the services to be performed. Team Hewins generally receives a fixed “per end-client’s account” fee (typically \$35 - \$40 per account annually). From time to time, additional fees for additional services can be negotiated, including technology fees or software licensing fees, implementation fees, retainer fees or other fees as warranted by the services being provided.

## **C. OTHER FEES**

Below is a description of some, but possibly not all, of the fees clients are expected to pay to third parties, in addition to our fees but in relation to the services we perform.

### **1. Custodial Fees**

We generally recommend that Schwab serve as the custodian for our clients' advisory assets. Fees charged by the custodian are separate from and in addition to the fees clients pay to us.

There are two different arrangements for custodial fees at Schwab: Asset-Based Pricing ("ABP") and Transaction-Based Pricing ("TBP"). The ABP method assesses fees based on the value of the portfolio, rather than on individual transactions, and TBP charges a fee per each trade placed in the account. Team Hewins recommends ABP or TBP custodial pricing for our clients after conducting a thorough analysis of each specific client's portfolio. Among factors analyzed are the account size, the number of withdrawals and contributions anticipated from the account per year, and other account-specific factors. The fees charged by the custodian are set forth by Schwab and are subject to change. While Team Hewins negotiates these fees from time to time with the custodian to benefit our clients, there is no guarantee that we will be able to negotiate any specific fees or fee ranges. Schwab's custodial fees can be higher or lower than those charged by other custodians.

For clients using other custodians, fees will vary according to the custodian selected. For further information on our custody/brokerage practices, see Item 12.

### **2. Mutual Fund Fees**

Mutual fund fees are in addition to and separate from the advisory fee we charge. All mutual funds have an internal expense ratio, which is the annual percentage of the funds' assets that the fund managers (not Team Hewins or the account custodian) charge to manage the funds. When selecting funds for our model portfolios, we focus on funds with low expense ratios. Team Hewins also selects funds or specific share classes that do not charge "12b-1 fees" (marketing/distribution fees) or "loads" (sales charges assessed on the amount that the client invests into the fund). Furthermore, whenever possible, Team Hewins strives to select institutional share classes of those mutual funds that we recommend to clients. Institutional shares do not charge any loads and tend to have significantly lower expense ratios.

The custodian will provide each client with a fund prospectus for each mutual fund in which the client invests. The prospectus discloses, among other important information, the mutual fund's management and fee structure. We do not provide the prospectus; however, clients are strongly encouraged to review prospectuses and to speak with their Team Hewins IAR in case there are any questions, specifically about funds' fees.

### **3. Fees for Other Services**

Fees for other related services range widely and depend on the complexity and scope of the services to be rendered. Fees will be negotiated in advance and documented as an addendum to the client's Investment Advisory Agreement, to be agreed to in writing by both Team Hewins and the client. Where applicable, we

will pay appropriate third parties any share of these fees that have been earned in conjunction with rendering other services to our clients. We will not receive any financial benefit from these third parties as a result of the performance of these services.

**D. Waiver of Fee for Employee Accounts**

As an added benefit that is available only to Team Hewins' employees, principals and immediate members of their families — which include spouses and children under age 21 (collectively, "Employees") — Team Hewins will allow Employees to open accounts for their own benefit at Schwab, and Team Hewins will invest the assets in these accounts into one of Team Hewins' model portfolios. This benefit is provided to Employees at no cost, but Employees bear all costs associated with trading and holding the mutual funds in the accounts

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither Team Hewins, nor any of our supervised persons, accept performance-based fees. We do not engage in side-by-side management.

**ITEM 7: TYPES OF CLIENTS**

Our clients include individuals and families, business entities, pension and profit-sharing plans, trusts, estates and charitable organizations, as well as third-party unaffiliated investment advisory firms as part of our limited-scope Back-Office Services. Our minimum account size for standard investment advisory services and retirement plan services is generally \$1,000,000.

**ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**A. BASIC STRATEGY**

The foundation of our investment philosophy is to be highly disciplined, mitigate risks through asset class diversification and invest for the long term. Our Investment Committee (the "IC") is responsible for the research and due diligence that goes into our asset allocation approach, fund recommendations and portfolio monitoring. The IC develops model portfolios based on Modern Portfolio Theory ("MPT"). The primary focus of MPT is to make investment decisions based on stated objectives and risk, evaluate investment performance at the portfolio level, minimize risks attributable to specific securities through broad diversification, and hold assets that are not highly correlated. MPT tells us that a portfolio can be constructed by combining asset classes in an optimal way so as to produce the highest return for a stated level of risk.

Regardless of the amount a specific client has to invest, we help him or her determine an appropriate asset allocation, given their objectives and risk tolerance. We then implement that allocation in a broadly diversified portfolio. Depending on the size of the client's investment portfolio, among other factors, we will

use mutual funds, separately managed accounts with independent managers, and other vehicles, including private investment funds, if appropriate. Interim fluctuations in market value and rates of return may be experienced in order to achieve long-term objectives. We employ no tactical or market-timing elements within our overall strategy. However, individual funds and managers that we recommend, or those used by the client, may employ different strategies with different associated risks at times.

## **B. INVESTMENT STRATEGY RELATIONSHIP**

### **1. Callan Associates, Inc.**

To augment our base of financial- and investment-related information and for the purposes of additional sophisticated analysis, we have engaged Callan Associates Inc. (“Callan”). We are a member of the Callan Independent Adviser Group (“IAG”), an organization of approximately 30 registered investment advisor firms. Callan is one of the largest investment consulting firms in the country, and provides research, education, decision-making support and advice to a broad array of institutional investors. Through our membership in Callan’s IAG, we have access to resources normally only available to the largest investors, including:

- Capital market projections related to risk, return and correlations of asset classes;
- Asset allocation software;
- A select list of recommended investment management organizations and products (in the form of mutual fund and separate account vehicles), based on in-depth qualitative and quantitative due diligence. Many of these money managers provide their services to IAG member clients at reduced minimums and discounted fees;
- A comprehensive database of mutual funds and separate account managers; and
- Research on various investment topics.

## **C. CAPITAL MARKET EXPECTATIONS**

In determining an appropriate asset allocation for a client, we perform an asset allocation analysis based on long-term, forward-looking capital markets expectations and correlations among the various asset classes. These expectations are imprecise by nature; it is not possible to predict future performance. There can be no assurance that future returns will approximate the long-term rates of return experienced for each asset class, that future performance of an asset mix will fall within the simulated range of returns or that any modeled return will be achieved.

## **D. REBALANCING AND TAX-LOSS HARVESTING**

Based upon the client’s prior written agreement to do so, we have, without further approval, the authorization to rebalance the client’s portfolio and/or perform tax-loss harvesting in accordance with the client’s approved asset allocation.

Over time, the value of different asset and sub-asset classes of a client’s portfolio can rise or fall so that their percentages fall outside the asset allocation range defined in the client’s IPS. We periodically review client accounts to determine if rebalancing is advisable and, if so, reallocate the account in accordance with

the client-approved strategic asset allocations. Cash inflows/outflows are deployed in a manner consistent with a client's strategic asset allocation.

Tax-loss harvesting is the process of selling selected securities at a loss to help offset capital-gains tax liabilities. To take advantage of such tax losses, our Investment Advisory Agreements state that we may, without further client approval, sell investments and replace those investments with other investments within the same asset class. In general, after the required time lapse, we will return the client's investments back to the original investments if it is advisable from a tax perspective.

#### **E. INVESTMENT RISK**

The following is an outline of the main risks pertaining to the asset classes utilized by Team Hewins:

- **Market Risk:** The price of a security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Equity Risk:** Historically, the equity markets have moved in cycles, and the value of equity securities can fluctuate significantly from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility.
- **Business Risk:** This risk is associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it — a lengthy process — before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Foreign Risk:** Investments in foreign securities pose special risks — including currency fluctuation and political risks — and such investments can be more volatile than that of a United States-only investment. The risks are generally greater for investments in emerging markets.
- **Currency Risk:** Foreign investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as "exchange rate risk."
- **Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, bringing significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- **Force Majeure Risk.** This a risk that securities and markets may be adversely impacted by international hostilities, terrorist activities, natural disasters, pandemics or other unexpected infrastructure disruptions.
- **Fixed Income – Credit Risk:** This is the risk that principal and/or interest on a fixed-income investment will not be paid in a timely manner or in full, due to changes in the financial condition of

the issuer. Generally, the higher the perceived credit risk, the higher the rate of interest investors will receive on their investment.

Many bonds are rated by a third-party Nationally Recognized Statistical Rating Organization (“NRSRO”) — for example, Moody’s Investor Services or Standard & Poor’s Inc. While ratings may assist investors in determining the creditworthiness of the issuer, they are not a guarantee of performance. Treasury bills, notes and bonds are guaranteed by the full faith and credit of the United States, and therefore are deemed to carry no risk of default.

- **Fixed Income – Interest Rate Risk:** This is the risk that the value of an interest-bearing investment will change, due to changes in the general level of interest rates in the market. The market value of a bond fluctuates inversely to the change in interest rates; that is, as interest rates rise, bond prices fall and vice versa.

Interest rate risk is commonly measured by a bond’s duration; the greater a bond’s duration, the greater the impact on its price due to a change in interest rates. Investors can incur a gain or loss from bonds sold prior to the final maturity date.

- **Fixed Income – Municipal Securities Risk:** To the extent an account is invested in bonds issued by local governments, such bonds are subject to the fixed income risks described above as well as additional risks which are:
  - *Legislative Risk:* The risk that change in legislation (e.g., changes in the tax code) will have an effect on the value of tax-exempt interest income;
  - *Liquidity Risk:* The risk that investors are not able to find a buyer when they want to sell and could be forced to sell their holdings at a significant discount. Liquidity risk is greater for bonds with lower ratings, bonds that are part of a small issue, recently downgraded bonds or bonds by an issuer who issues infrequently.
- **Liquidity Risk:** The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Liquidity risk is typically reflected in a wide bid-ask spread or large price movements. It is also a risk associated with an investment in private funds.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Opportunity Cost Risk:** The risk that an investor can forego profits or returns from other investments.
- **Financial Risk:** Excessive borrowing to finance a business’s operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Risks for Investing in Non-Liquid Alternative Investments:**

From time to time, Team Hewins will recommend to certain qualifying clients that a portion of such client’s assets be invested in private investment funds, private investment fund-of-funds and/or other alternative investments (collectively, “Non-Liquid Alternative Investments”). Non-Liquid

Alternative Investments are not suitable for all Team Hewins' clients and are offered only to those qualifying clients for whom Team Hewins believes such an investment is suitable and in line with their overall investment strategy. Non-Liquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified client" under the Investment Advisers Act of 1940, or "qualified purchaser" under the Investment Company Act of 1940.

Non-Liquid Alternative Investments present special risks for Team Hewins' clients, including without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage, and limited regulatory oversight. When a Non-Liquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value; the borrower's financial conditions (if the underlying property has been obtained by a loan), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain city, state and/or federal regulations. Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and man-made disasters.

The above list is not exhaustive of all risks relating to an investment in Non-Liquid Alternative Investments. A more comprehensive discussion of the risks associated with a particular Non-Liquid Investment is set forth in that fund's offering documents, which will be provided to each client subscribing to a Non-Liquid Alternative Investment, for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum prior to investing.

Different types of investments involve varying degrees of risk, and no client should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies we recommend or undertake) will be profitable or equal to any specific performance levels. All investments represent some level of risk, and an investor should understand that losses can and do occur. Significant losses of invested capital are possible. Moreover, diversification does not protect a portfolio from loss, and it should not be assumed that the broad diversification that is part of our investment strategy is guaranteed to produce profitable results. Individual funds that comprise clients' portfolios may employ different strategies with different associated risks.

If a client's account has a margin feature, we, from time to time, use margin for the limited purposes of either raising cash for an immediate disbursement or to facilitate investment changes so that the client remains invested in the market. Occasionally, the client also makes use of the margin feature if more funds are withdrawn than there is cash available. The custodian charges interest on the margined amount at a varying rate, based upon the amount borrowed. The margin feature is generally not available on mutual funds unless the margined securities have been held in the account for at least 30 days.

## ITEM 9: DISCIPLINARY INFORMATION

We have not been the subject of any disciplinary actions.

## ITEM 10: OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS

We are an investment advisor that is registered with the United States Securities and Exchange Commission (“the SEC”).

Neither we, nor our representatives, are registered or have applications pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor or as representatives of the foregoing.

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

As a fiduciary to its clients, Team Hewins has an ongoing responsibility to ensure that clients’ interests always come first. In doing so Team Hewins must avoid actual and potential conflicts of interest with its clients. To comply with these duties and responsibilities, Team Hewins has adopted a Code of Ethics which serves to establish a standard of business conduct for all of our employees and is based upon fundamental principles of openness, integrity, honesty and trust. A copy of our Code of Ethics is available at no cost upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material, nonpublic information by Team Hewins or its employees. These policies are addressed in a formally adopted Insider Trading Policy, which is incorporated in the Code of Ethics.

Although our primary investment recommendations are to implement portfolios using mutual funds, we require all principals and employees to disclose personal trading accounts to the firm and preclear all personal trades in reportable securities. Within 10 days of becoming affiliated with Team Hewins, each principal or employee is required to disclose all personal brokerage accounts in which trading takes place or may take place. Prior to buying or selling a reportable security for his/her own benefit, each affiliated person is required to preclear the trade. The Chief Compliance Officer, in collaboration with the Director of Operations or a designee, reviews all preclearance requests for compliance with our Code of Ethics. Affiliated persons who violate the Code of Ethics are subject to disciplinary action up to termination of employment.

## ITEM 12: BROKERAGE PRACTICES

### **A. THE CUSTODIANS AND BROKERS WE USE**

Team Hewins does not maintain custody of client assets that we manage, although the firm is deemed to have custody of client assets if the client gives us authority to withdraw assets from his or her account (see Item 15 of this Brochure). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We usually recommend that our clients use Schwab as qualified

custodian. Schwab is a registered broker-dealer and a member of the SIPC. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we generally recommend that clients use Schwab as custodian/broker, each client will decide whether to do so and will open an account with Schwab by entering into an account agreement directly with them. We do not open the account for clients, although we can assist in doing so. Even though a client account is maintained at Schwab, we can still use other brokers to execute trades for the account, as described below (see “Brokerage and Custody Costs”).

## **B. HOW WE SELECT BROKERS AND CUSTODIANS**

We seek to use a custodian and/or broker that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength and stability;
- Prior service to us and our clients;
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”); and
- Technology platform.

## **C. BROKERAGE AND CUSTODY COSTS**

For clients whose accounts are maintained by Schwab, custody services are generally not charged separately, but are compensated by either charging clients a commission on trades that are executed or settled into their Schwab account or an asset-based fee on their account. Detailed explanation of these fees and commissions, including the difference between Asset-Based Pricing (“ABP”) and Transaction-Based Pricing (“TBP”), is provided in Item 5 of this Brochure under “Custodial Fees.” Schwab’s TBP (commission) rates and ABP fees applicable to our clients’ accounts were negotiated and are often being renegotiated by Team Hewins to benefit our clients. We have determined that having Schwab execute trades in clients’ accounts is consistent with our duty to seek “best execution” of their trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

**D. NON-SOFT DOLLAR RESEARCH AND ADDITIONAL BENEFITS**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business that specializes in serving independent investment advisory firms like Team Hewins. Schwab provides us and our clients with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to retail customers. Although not a material consideration when determining whether to recommend that a client utilize the services of Schwab, Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability of these services from Schwab benefits us because we do not have to produce or purchase them. The following is a more detailed description of these support services:

**Services that benefit clients.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The Schwab services described in this paragraph generally benefit clients and their accounts.

**Services that do not directly benefit clients.** Schwab also offers other products and services that benefit us, but do not directly benefit clients or their accounts. These products and services assist us in managing and administering our clients' accounts; they include investment research, both Schwab's own and that of third parties. We could use this research to service all or many of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also offers software and other technology that provide us with access to client account data (such as duplicate trade confirmations and account statements); provides access to conference rooms for client meetings; facilitate trade execution; provide pricing and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

**Services from Schwab that generally only benefit Team Hewins.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and networking events;
- Participation in the Schwab Advisor Network (see Section 14);
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession; and
- Access to various consultants and other service providers.

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Sometimes Schwab also discounts or waive its fees for some of these services or pays all or a portion of a third party's fees. From time to time, Schwab provides us with other benefits such as occasional business entertainment of our personnel and the use of their facilities for client meetings and occasional firm events.

**E. OUR INTEREST IN SCHWAB'S SERVICES**

Our clients do not pay more for transactions effected and/or assets maintained at Schwab as a result of these services, nor is the availability of these services contingent upon us committing any specific amount

of business to Schwab in trading commissions or assets in custody. However, when determining what services to offer to us, Schwab takes into consideration the amount of client assets that we custody with them and trading volumes. We have an incentive to recommend that clients maintain their accounts with Schwab, based on our interest in receiving their services that benefit our business, rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as a custodian and broker, is in the best interests of our clients. Our selection is primarily supported by the scope, quality and price of Schwab services (see "How We Select Brokers and Custodians") — not just services that only benefit us.

**F. DIRECTED BROKERAGE**

If a client requires that account transactions be placed through a specific broker-dealer, the client will negotiate terms and arrangements for his or her account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers. As a result, the client could pay higher commissions, other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case.

**G. TRADE ERRORS**

If we ever cause a trade error in a client's account, the client will be made whole. If the correction of the trade error caused by us results in a loss, we are responsible for that loss. If the correction of a trade error by us results in a gain, Schwab's policy permits the client to keep the gain. If the client foregoes the gain (e.g., for tax reasons), Schwab will donate the amount of the gain to a charity of Schwab's choice.

**H. INITIAL PUBLIC OFFERINGS**

We do not purchase or allocate to Initial Public Offerings ("IPOs") of securities, nor do we recommend IPOs to our clients.

**ITEM 13: REVIEW OF ACCOUNTS**

For those clients to whom we provide investment advisory services, account reviews are conducted regularly. Ongoing reviews are conducted to watch for variances in allocations, cash inflows and opportunities for tax-loss harvesting. Client performance is reviewed by the IAR on a quarterly basis. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives, account performance and any personal or financial changes with their IAR, on at least an annual basis and any time there is a material change.

We also conduct account reviews upon the occurrence of a triggering event, such as a change in a client's investment objectives and/or their financial situation, market corrections, and client requests.

The custodian provides detailed account statements to clients on at least a quarterly basis. These statements include all transactions for the period including details of the investment advisory fees we charge. We also provide a quarterly performance report to each client. The quarterly report contains

detailed information on holdings, including current asset allocation percentages and current and historical performance data. Clients are encouraged to compare the quarterly performance reports from Team Hewins with the account statements received from their custodian. Should there be any material discrepancy, the custodian's report should be relied upon. The custodian does not verify the accuracy of our fees prior to deducting them from clients' account(s). If clients have any questions or concerns about the amount they are charged, or any other information on their quarterly report or account statements, they should contact Team Hewins.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Team Hewins engages independent solicitors to provide client referrals. If a client is referred to us by a solicitor, this practice is disclosed to the client in writing and we pay the solicitor a portion of the advisory fees earned for managing the assets of the client or investor that was referred. The use of solicitors is strictly regulated under applicable federal and state law. Team Hewins' policy is to fully comply with the requirements of Rule 206(4)3, under the Investment Advisors Act of 1940, as amended, and similar state rules, as applicable.

### **Schwab Referrals**

We receive client referrals from Schwab through our participation in the Schwab Advisor Network™ (the "Network"), designed to help investors find an independent investment advisor. Schwab is a broker-dealer and custodian and is independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of clients' portfolios or our other advice or services. Our participation in the Network is not predicated on having assets at Schwab, but it does raise potential conflicts of interest nonetheless, as described below.

We pay Schwab: (1) a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab, or (2) a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee we pay is a percentage of the fees paid by the client to us or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. We pay Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and could be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by us and not by the client. We have agreed not to charge clients referred through the Network fees or costs greater than the fees or costs we charge clients with similar portfolios (pursuant to our standard fee schedule) who were not referred through the Network.

We have no commitment to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Our clients do not pay more for investment transactions effected and/or assets maintained at Schwab because of this arrangement.

Please see Item 5 above for a description of the fees charged by Schwab to the client.

### **Conflict of Interest in Schwab Referrals**

We will have to pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by Schwab, or assets in the account are transferred from Schwab, unless the client was solely responsible for the decision not to maintain custody at Schwab. This Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab and would be payable by us. The Non-Schwab Custody Fee is higher than the Participation Fees Team Hewins generally would pay in a single year. This means that we are incentivized to recommend that Network-referred client accounts remain held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of our clients who were referred by Schwab and referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Network to maintain custody of their accounts at Schwab.

If we determine that Network-referred clients would be better served at a custodian other than Schwab, we will adhere to our fiduciary responsibility and place the interests of those clients first.

### **Zoe Financial Referrals**

Team Hewins may receive client referrals from Zoe Financial, Inc. through its participation in Zoe Advisor Network. Zoe Financial, Inc. is independent of and unaffiliated with Team Hewins, and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fee-only personal investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise Team Hewins and has no responsibility for Team Hewins' management of client portfolios or our other services. We pay Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of [the](#) advisory fee that the client pays Team Hewins (the "Solicitation Fee"). Team Hewins will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

Other than the referral fees described above, the Firm does not compensate any non-supervised persons for client referrals.

## **ITEM 15: CUSTODY**

We do not take physical custody of our clients' assets.

Per SEC regulations, we may be deemed to have custody if, for certain clients, we or an affiliate:

- Act in a capacity of Trustee, Guardian, Power of Attorney, Custodian or similar authority;
- Have entered into an arrangement with the client, per the client's request, in which we are able to withdraw funds from the client's account (including withdrawals made pursuant to standing letters of client authorization); and/or
- Have client-authorized access to an account, with the ability to withdraw or transfer funds from the account.

The SEC requires that firms who have custody for the reasons listed above are subject to an annual surprise audit to be conducted by an independent CPA firm which is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). Team Hewins has complied with the requirements concerning such surprise audits and will continue to do so in the future.

Team Hewins is also deemed to have constructive custody over those client accounts where it is able to deduct fees directly from the account. Additionally, certain clients have signed, and can in the future, sign a Standing Letter of Authorization (SLOA) that gives the firm the authority to transfer funds to a third-party as directed by the client in the SLOA. In these cases, the Firm has constructive custody of those assets. Firms with custody must take the following steps: 1. Ensure clients' managed assets are maintained by a qualified custodian; 2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly; 3. Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and 4. Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody. However, the rules governing the direct debit of client fees and SLOAs exempts the Firm from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows: 1. When debiting fees from client accounts, the firm must receive written authorization from clients permitting advisory fees to be deducted from the client's account. 2. In the case of SLOAs, the Firm must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

Our clients receive account statements directly from the qualified custodian at least quarterly. We also send clients quarterly reports that we produce using our portfolio accounting system. We strongly urge our clients to compare such reports with the statements received from the qualified custodian. Furthermore, when we calculate our investment management fees and instruct the custodian to remit these fees to us directly from clients' accounts, the custodian does not verify our calculation of fees. We perform quarterly testing to ensure that our fees are charged in accordance with the client's Agreement.

Clients are strongly encouraged to review the amount of our fees deducted from their accounts and compare them with the fee schedule(s) in their Investment Advisory Agreements. We strongly recommend discussing any assumed or suspected discrepancies, or any questions regarding the fees, with our Chief Compliance Officer, who can be reached at 650-620-3040.

## Item 16: INVESTMENT DISCRETION

### **A. DISCRETIONARY AND NONDISCRETIONARY MANAGEMENT**

As discussed above in Item 4, our clients receiving standard investment advisory services have a choice to engage us on a discretionary or non-discretionary basis. In either case, the client will sign an Investment Advisory Agreement which specifies which kind of service we will render. For both types of clients, we are authorized, by the client, to rebalance the client's portfolio and perform tax-loss harvesting without specific client approval. Please see Item 8 for an explanation of rebalancing and tax-loss harvesting. Retirement Plan Services provided on an ERISA 3(38) basis, are only offered on a discretionary basis.

For clients who retain us on a discretionary basis, the Investment Advisory Agreement grants us full authority to buy, sell or otherwise effect investment transactions involving the assets in the client's name,

including but not limited to the authority to make sub-asset allocation and specific investment adjustments without seeking client approval.

With respect to our nondiscretionary advisory services, we generally maintain ongoing responsibility to make recommendations based upon the needs and objectives of the client. If such recommendations are accepted by the client, we are responsible for arranging or effecting the purchase or sale. For nondiscretionary clients, we do not have the authorization to change either the client's asset allocation or specific investments without prior approval from the client, except for tax-loss harvesting and rebalancing, as described in Item 8 above.

### **Nondiscretionary Service Limitations**

Clients that determine to engage us on a nondiscretionary investment advisory basis must be willing to accept that we cannot execute any account transactions without obtaining prior consent to each transaction from the client. Thus, if we desire to make a change during a time when the client is unavailable, we will generally be unable to execute any account transactions (as we would for our discretionary clients). This inability to trade could result in losses to the client that could otherwise have been avoided.

To mitigate the potential consequences of not being able to trade in a timely manner on behalf of a nondiscretionary client, we have incorporated a provision into our Investment Advisory Agreement that expressly provides us with the client's general prior consent to execute transactions on behalf of the nondiscretionary client when, in our professional judgment, waiting for client approval could be detrimental to the client because of market or security-specific dynamics. In these instances, the client's prior consent to effectuate a particular transaction is considered granted when:

- We notify the client of our recommendation in advance of effecting the recommended trade; and
- We do not receive an objection to our recommendation within the timeframe established by the notice, or within seven (7) days of the date of the notice if no alternative timeframe is given.

## **ITEM 17: VOTING CLIENT SECURITIES & SECURITIES CLASS ACTION POLICY**

### **A. Proxy Voting Policy**

Team Hewins will typically vote proxies on behalf of its clients unless otherwise instructed in writing by client. We have engaged a nonaffiliated third-party proxy voting service provider, Broadridge Investor Communications Solutions, Inc. ("Broadridge"). Broadridge is charged with identifying the proxies that we need to vote, voting those proxies as we have directed them to and submitting them to the issuer promptly and accurately.

Our policy is to vote proxies in our clients' best interest (i.e., to maximize shareholder value). To that end, we have subscribed to the services of Glass Lewis & Co. ("Glass Lewis") to provide independent proxy research and voting recommendations. Glass Lewis' voting and policy recommendations are designed to maximize shareholder value. Team Hewins' Investment Committee (the "IC") reviews Glass Lewis' guidelines and practices no less frequently than annually to determine if their policies continue to be in the best interest of our clients. In the rare event that Glass Lewis does not provide a recommendation, the IC will review the proxy and make a voting recommendation that we believe to be in the clients' best interest.

Should the IC determine that a proxy will have little, or no, impact on shareholder value, we could refrain from voting. When our IC determines the optimal vote, they will review both the short- and long-term implications of the proposal to be voted on. If the IC determines that we have, or are perceived to have, a material conflict of interest in voting a certain proxy, we could choose to remove ourselves from the voting process for that particular ballot.

Should a client wish to be voting their own proxies, they should notify Team Hewins no later than at the time of opening their account(s) at a qualified custodian. In such a case, the client will be responsible for voting all proxies in the affected account(s). Team Hewins will not accept authorization to vote proxies in any Courtesy (Non-Managed) accounts.

For those of our clients who are qualified retirement plans subject to ERISA, the plan's governing documents will delegate proxy voting responsibilities to either Team Hewins or another named fiduciary, and our own policies do not preclude us from accepting these responsibilities or providing advice or information about a particular proxy vote to an ERISA client.

## **B. Securities Class Action Policy**

Team Hewins will typically file claims in certain securities class action settlement proceedings on behalf of its clients unless otherwise instructed in writing by the client. In furtherance of its fiduciary duty to each of its clients, the Firm has adopted the following Securities Class Actions Policy as a means of defining the scope of its Class Action Services.

Team Hewins does not advise on the merit or value of any claim or alternative legal action a client may wish to take. To the extent any client has questions about their legal rights and/or obligations related to class action settlement proceedings or any other legal matter, the client is advised to consult with a qualified attorney of their choosing. The Firm does not guarantee that any claim it files on behalf of its clients will result in any settlement payment.

The Firm's clients who consent to Team Hewins' Class Action Services must also consent to such claims being filed and otherwise managed by third parties appointed or retained by the Firm for the purpose of filing and managing such claims. Team Hewins does not file class action settlement claims directly with any claims administrator.

The Firm has retained the services of Chicago Clearing Corporation, an unaffiliated third party, to file class action settlement claims on behalf of the Firm and for the benefit of its clients. Chicago Clearing Corporation is responsible for the tracking, review and analysis of notices regarding the existence of class action settlements, as well as the monitoring of the Firm's clients' holdings to pair applicable class action settlements to such holdings. Chicago Clearing Corporation is also responsible for the accounting, reporting and distribution of any settlement payments resulting from claims filed on behalf of the Firm's clients. Chicago Clearing Corporation maintains and provides all reports to and for the benefit of the Firm and does not deliver any report directly to any client. Generally, and unless specifically instructed by the Firm otherwise, Chicago Clearing Corporation will distribute settlement proceeds directly to the client's qualified custodian on behalf of the client. Should the Firm inadvertently receive settlement proceeds on behalf of a client, it shall forward such proceeds to Chicago Clearing Corporation for proper administration of the proceeds pursuant to this Securities Class Actions Policy.

Chicago Clearing Corporation does not provide financial, legal or other professional advice, and, like Team Hewins, is acting only in an administrative capacity. Chicago Clearing Corporation charges a fee equal to

20% of any settlement payment recovered from each claim filed on behalf of a client. This fee is deducted by Chicago Clearing Corporation from the applicable settlement payment before Chicago Clearing Corporation distributes the settlement payment to the applicable client. The Firm does not charge any additional fees for its Class Action Services.

## ITEM 18: FINANCIAL INFORMATION

We do not require prepayment of fees of more than \$1,200 per client six months or more in advance.

We do not believe there are any financial conditions that are likely to impair our ability to meet our contractual commitments relating to our discretionary authority over certain client accounts.

We have not been the subject of a bankruptcy petition.

### **Any Questions?**

Our Chief Compliance Officer, Michelle Eldridge, remains available to address any questions that a client or prospective client may have regarding the above disclosures, conflicts of interest and other arrangements. You can reach our Chief Compliance Officer at 650-620-3040.