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

**March 14, 2024**

This brochure provides information about the qualifications and business practices of Chesapeake Financial Advisors. If you have any questions about the contents of this brochure, please contact us at: 410-823-5442, or by email at: invest@peakeadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Chesapeake Financial Advisors LLC is registered with the United States Securities and Exchange Commission and notice filed in the state of Maryland, Virginia, Pennsylvania, Florida and Texas. Registration does not imply a certain level of skill or training.

Additional information about Chesapeake Financial Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Since the filing of our last annual updating amendment, dated February 28, 2023, we have the following material changes to report:

- Thomas J. Taylor Jr. has been appointed Chief Compliance Officer for Chesapeake Financial Advisors
- As of June 20, 2023, the ownership information on Form ADV Part I reflects Thomas J. Taylor Jr. as the majority owner of the Firm
- Chesapeake Financial Advisors update the Financial Planning Services and corresponding fees as noted in Item 5-Fees and Compensation as follows:

#### **Financial Planning Service Level Tiers**

SILVER LEVEL - Retirement Check-up

Initial Plan Setup - \$3,500

Annual Planning - \$1,750

GOLD LEVEL - Complete Retirement Plan

Initial Plan Setup - \$5,000

Annual Planning - \$2,500

PLATINUM LEVEL - Dynamic Financial Plan

Initial Plan Setup - \$10,000

Annual Planning - \$5,000

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 410-823-5442 or by email at: [invest@peakeadvisors.com](mailto:invest@peakeadvisors.com).

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## **Item 4 Advisory Business**

### **Firm Description**

Thoma Capital Management, LLC, doing business as Chesapeake Financial Advisors is a registered investment adviser primarily based in Towson, MD. Chesapeake Financial Advisors was founded in 1998. We are primarily owned by Thomas J. Taylor Jr., Craig Pohl and Katie Smith.

Chesapeake Financial Advisors provides personalized confidential financial planning and investment management to individuals, families and their related entities, pension and profit-sharing plans, trusts, estates, charitable organizations and family businesses.

Chesapeake Financial Advisors works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include: determination of financial objectives, identification of financial problems, cash flow and budget management, tax planning, debt reduction planning, insurance review, investment advisory services, education funding, retirement planning, risk exposure review, charitable goals, special needs planning, family business succession issues, fringe benefits, estate planning and issues specific to the client.

Chesapeake Financial Advisors is strictly a fee-only financial planning and investment advisory services. The firm's compensation is solely from fees paid directly by clients. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is an integral part of financial planning. Investment advice is provided on a discretionary or non-discretionary basis. Chesapeake Financial Advisors does not act as a custodian of client assets. The client always maintains asset control. Chesapeake Financial Advisors places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation may be provided to the client, often in the form of an Investment Policy Statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be in-person, virtually via Microsoft Teams, or by telephone at 410-823-5442, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment advisory services may be beneficial to the client.

### **Types of Advisory Services**

The primary type of advisory service offered by Chesapeake Financial Advisors is investment supervisory services, also known as asset management services, and furnishing investment advice through an ongoing financial planning relationship. Chesapeake Financial Advisors also provides financial planning services.

The primary type of advisory service offered by Chesapeake Financial Advisors is financial planning. Chesapeake Financial Advisors also provides investment supervisory services, also known as asset management services and furnishes investment advice through an on-going financial planning relationship.

In performing its services, Chesapeake Financial Advisors is not required to verify any information received from the client or from the client's other professionals. On more than an occasional basis, Chesapeake Financial Advisors furnishes advice to clients on matters not involving securities, such as financial planning matters and taxation issues. Each client is advised that it remains his/her responsibility to promptly notify Chesapeake Financial Advisors when there is any change in his/her financial situation and/or financial objectives for the purpose of reviewing, evaluating, or revision of previous recommendations and/or services.

### **Tailored Relationships**

At Chesapeake Financial Advisors, advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client. The goals and objectives for each client are documented in our client relationship management system and Investment Policy Statement that is documented, reviewed and signed by each Client. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

### **Types of Agreements**

The following agreements define the typical client relationships.

#### **Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment advisory services after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

General investment advice and non-specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client. At the completion of the financial plan, clients may enter into an investment advisory services agreement with Chesapeake Financial Advisors to implement the plan.

#### **Investment Advisory Services Agreement**

Most clients choose to have Chesapeake Financial Advisors manage their assets in order to obtain ongoing in-depth advice and financial planning. All aspects of the client's financial affairs are reviewed. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Investment Advisory Services Agreement is provided to the client in writing prior to the start of the relationship. An Investment Advisory Services Agreement includes: cash flow management; insurance review; investment advisory services (including performance reporting); education planning; retirement planning; estate planning, as well as the implementation of recommendations within each area.

#### **Asset Management**

Assets are invested primarily in stocks, bonds, no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment advisory services fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the

purchase of some funds. The brokerage firm charges a fee for stock and bond trades. Chesapeake Financial Advisors does not receive a fee for stock and bond trades. Chesapeake Financial Advisors does not receive any compensation, in any form, from fund companies or brokerage firms.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying Chesapeake Financial Advisors in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Chesapeake Financial Advisors will refund any unearned portion of the advance payment.

Chesapeake Financial Advisors may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Chesapeake Financial Advisors will refund any unearned portion of the advance payment.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we are compensated creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **Assets Under Management**

As of December 31, 2023, we provide continuous management services for \$189,468,200 in client assets on a discretionary basis, and \$3,018,470 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Description**

Chesapeake Financial Advisors bases its fees on a percentage of assets under management or fixed fees. All fees, including the minimum annual fee, are negotiable.

### **Financial Planning**

The fee for a financial plan is predicated upon the facts known at the start of the engagement. Chesapeake Financial Advisors developed three financial planning tiers to support the needs of prospective clients. Financial planning fees are a fixed fee calculated based on the complexity of the financial plan and time anticipated to be expended on a financial plan. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement based on the complexity of the financial plan and time anticipated to be expended. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future meetings may be scheduled based on the Financial Planning Tier that ranges from quarterly to annually and as necessary check-ins for up to one year. Annual Financial Planning Services will renew automatically on the anniversary date of the engagement for another year. The annual planning fee is based on 50% of the Initial Plan Set-Up fee. Financial Planning clients may choose to engage Chesapeake Financial Advisors in an Investment Advisory Services agreement where their annual planning fees will be waived. Please see the following Financial Planning Tiers Schedule.

### **Financial Planning Service Level Tiers**

SILVER LEVEL - Retirement Check-up

Initial Plan Setup - \$3,500

Annual Planning - \$1,750

GOLD LEVEL - Complete Retirement Plan

Initial Plan Setup - \$5,000

Annual Planning - \$2,500

PLATINUM LEVEL - Dynamic Financial Plan

Initial Plan Setup - \$10,000

Annual Planning - \$5,000

### **Investment Advisory Services**

The fees for Investment Advisory Services are structured as a percentage of assets under management.

The annual Investment Advisory Services Agreement fee is based on a percentage of the investable assets according to the following schedule:

<b>Total Market Value of Assets Under Management</b>	<b>Annual Fee %</b>
First \$500,000	1.50%
Next \$500,000	1.25%
Over \$1,000,000	0.75%
Fixed income portfolios	0.70%

Current client relationships may exist where the fees are higher or lower than the fee schedule above. The minimum annual fee for Investment Advisory Services is \$5,000/year.

Although the Investment Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. Investment Advisory Service Agreement fees charged on a percentage of assets are payable quarterly in advance of services rendered based upon the most recent quarter end market value of assets under management, as determined by the independent custodian or broker dealer. The first quarter fee shall be prorated from the date of the signing of the agreement to the end of the first managed quarter. These fees may be automatically deducted from the client's account every quarter, if the client so chooses this payment option.

Investment Advisory Service Agreement may be terminated by client upon written notice within five (5) business days from the date the Agreement with Chesapeake Financial Advisors is signed, and all fees will be refunded. Thereafter, either Chesapeake Financial Advisors or client may terminate the Agreement upon written notice to the other, and a prorated portion of fees pre-paid but unearned for the current quarter will be refunded based on the number of days in the quarter for which you were a client. Clients are responsible to pay for services rendered up to and including the date in which notice of termination is received by Chesapeake Financial Advisors.

### **Fee Billing**

Clients using Comprehensive Financial Planning Services or Other Non-Advisory related services may choose to have fees deducted quarterly from a designated brokerage account at their qualified custodian to facilitate billing, or to be invoiced directly for payment. Clients wishing to be invoiced may do so monthly or quarterly. The client must consent in advance to direct debiting of their investment account for financial planning fees.

Investment advisory services fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. We will direct debit the investment account no sooner than seven days from the date of the invoice.

Clients using Financial Planning services will be invoiced in advance for 50% of the total cost at the signing of our Financial Planning Services Engagement Letter. The final 50% will be invoiced upon the completion and delivery of the Financial Plan.

### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds and exchange-traded funds. These transaction charges are usually relatively small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.



Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.50% for their services. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by you to Chesapeake Financial Advisors.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

### **Past Due Accounts and Termination of Agreement**

Chesapeake Financial Advisors reserves the right to stop work on any account that is more than 60 days overdue. In addition, Chesapeake Financial Advisors reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Chesapeake Financial Advisors' judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

## **Item 6 Performance-Based Fees**

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Chesapeake Financial Advisors does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client. However, the nature of asset-based fees allows Chesapeake Financial Advisors to participate in the growth of the client's wealth. This also means that our fees can decline when the client's portfolio declines in value.

## **Item 7 Types of Clients**

### **Description**

Chesapeake Financial Advisors generally provides investment advice to individuals, families and their related entities, pension and profit-sharing plans, trusts, estates, charitable organizations and family businesses. Client relationships vary in scope and length of service. Chesapeake Financial Advisors does not impose a minimum dollar value of assets or other condition for opening or maintaining an account.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Security analysis methods at Chesapeake Financial Advisors include fundamental analysis. The main sources of information include Morningstar reports, fund prospectuses, S&P reports, Argus reports, financial newspapers and magazines, research materials prepared by others, review of company and mutual fund websites, filings with the Securities and Exchange Commission, and annual reports. Employees of Chesapeake Financial Advisors also may attend on- and off-site visits with fund and portfolio managers, conference calls, and industry conferences.

### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation. We may use passively-managed index and exchange-traded funds when appropriate for the client and actively-managed funds, dividend and non-dividend paying stocks, and individual corporate and municipal bonds where there are opportunities to make a difference by security selection. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives, income needs and tax situation stated by the client during consultations. The client may change these objectives at any time. The client's goals and objectives are recorded during meetings and via correspondence with the client. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy. Current client relationships may exist whose investment strategies are different than expressed here.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face some level of risk including the following:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may 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. For example, political, economic and social conditions may trigger market events.
- 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.
- Currency Risk: Overseas 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.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are 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.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' 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.
- Investing in securities involves risk of loss that clients should be prepared to bear.

## **Item 9 Disciplinary Information**

### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present activities.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

Chesapeake Financial Advisors does not participate in any other industry business activities.

### **Affiliations**

We are affiliated with Taylor & Company, LLC through common control and ownership. If you require accounting services, we will recommend that you use the services of our affiliate. Our advisory services are separate and distinct from the compensation paid to our affiliate for their services. This affiliated firm is

otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

Chesapeake Financial Advisors recommends but does not require that Investment Advisory Services accounts utilize the custodial and brokerage services of Charles Schwab & Co. ("Schwab"). Schwab is a nationally recognized discount broker-dealer which offers quality custody, record keeping and reporting services. Chesapeake Financial Advisors has the ability to receive client information from Schwab through computer down/uploading and access to Schwab's proprietary investment advisory services website, in order to facilitate Chesapeake Financial Advisors in its ongoing review of clients' accounts. Schwab also offers clients the ability to have their investment advisory services fee automatically deducted from the account, thus alleviating the client's need to write a check or give specific instructions at each payment period.

Chesapeake Financial Advisors refers clients that need pension/retirement plan consulting services or Third-Party Administration services to American Retirement Plan Services. Chesapeake Financial Advisors does not receive any compensation for these referrals and offers the referral only to help facilitate the client's need for such services.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The employees of Chesapeake Financial Advisors have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The employees of Chesapeake Financial Advisors have committed to a Code of Ethics and Fiduciary Oath as outlined by the National Association of Personal Financial Advisors (NAPFA). The key points are: putting the clients' interest first, objectivity, confidentiality, competence, fairness and suitability, integrity and honesty, regulatory compliance, full disclosure, and professionalism.

### **Participation or Interest in Client Transactions**

Chesapeake Financial Advisors and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Chesapeake Financial Advisors "Policies & Procedures Manual."

### **Personal Trading**

The Chief Compliance Officer of Chesapeake Financial Advisors is Thomas J. Taylor Jr. He reviews all employee trades each quarter. His trades are reviewed by Austine May and/or Katie Smith. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small stock, bond, mutual fund or exchange-traded fund trades, the trades do not affect the securities markets.

## **Item 12 Brokerage Practices**

### **The Custodian and Brokers We Use**

Chesapeake Financial Advisors does not maintain custody of your assets (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account - see Item 15 Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we/you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### **How We Select Brokers/Custodians to Recommend**

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

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), 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 them reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us from Schwab")

### **Best Execution**

Chesapeake Financial Advisors reviews the execution of trades at each custodian annually. The review process is documented in the Chesapeake Financial Advisors Policy & Procedures Manual. Trading fees charged by the custodians are also reviewed on an annual basis. Chesapeake Financial Advisors does not receive any portion of the trading fees.

### **Your Custody and Brokerage Costs**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

In addition to commissions or asset-based fees Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

## **Soft Dollars**

Chesapeake Financial Advisors does not receive soft dollar benefits from the custodian to whom we recommend clients.

## **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. 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.

Here is a more detailed description of Schwab's support services:

Services that Benefit You. 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. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. 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 may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- 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 that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

## **Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit. However, when more than one account is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades.

## **Item 13 Review of Accounts**

### **Periodic Reviews**

Account reviews are performed at least quarterly by advisors Thomas J. Taylor Jr., CPA/PFS, Founder, and Craig Pohl, Senior Financial Advisor. Account reviews are performed more frequently when market conditions dictate or as requested by the client.

### **Review Triggers**

A review may be triggered by client request, changes in client's goals or objectives, changes in market condition, new information about an investment, changes in tax laws, or other important changes.

### **Regular Reports**

Written reports are sent to clients quarterly. The reports may consist of an individualized letter summarizing the results for the quarter and our general thoughts on the economy, a statement of holdings from our portfolio accounting software, a Morningstar "Snapshot" report or other such portfolio reports, asset allocation analysis, tax-related information, updates to financial plan reports, portfolio graphs, or other reports as needed.

## **Item 14 Client Referrals and Other Compensation**

### **Incoming Referrals**

Chesapeake Financial Advisors has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

### **Referrals to Other Professionals**

Chesapeake Financial Advisors does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### **Other Compensation**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Item 15 Custody**

### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Chesapeake Financial Advisors.

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic reports you will receive from us.

## **Item 16 Investment Discretion**

### **Discretionary Authority for Trading**

Chesapeake Financial Advisors accepts discretionary authority to manage securities accounts on behalf of clients. Chesapeake Financial Advisors has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, if discretionary authority or a limited power of attorney has not been given, Chesapeake Financial Advisors consults with the client prior to each trade to obtain concurrence. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that we may promptly implement the investment policy that they have approved. In most cases, clients are provided with an opportunity for review and discussion prior to implementation of recommendations.

### **Limited Power of Attorney**

Clients must sign a limited power of attorney before Chesapeake Financial Advisors is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application for our main custodians. For accounts not held with our main custodians, clients may sign a separate limited power of attorney document giving discretionary authority to Chesapeake Financial Advisors.

## **Item 17 Voting Client Securities**

### **Proxy Votes**

Unless the client designates otherwise, Chesapeake Financial Advisors votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Chesapeake Financial Advisor's proxy voting policy is available upon request.

## **Item 18 Financial Information**

### **Financial Condition**

Chesapeake Financial Advisors does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Chesapeake Financial Advisors does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## **Item 19 Requirements for State-Registered Advisers**

Refer to the Part(s) 2B for background information about our principal executive officers, management personnel and those giving advice on behalf of our firm.

Our firm is actively engaged in another business, other than giving investment advice. For information on the other business activities and the approximate amount of time we spend on that business refer to *Other Business Activities and Affiliations* above.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Refer to the *Performance-Based Fees and Side-By-Side Management* section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings, or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

## **Item 20 Business Continuity Plan**

### **General**

Chesapeake Financial Advisors has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived on and offsite.

### **Alternate Officesan**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location. We maintain an alternate office locations at 8115 Maple Lawn Blvd., Ste. 350 Columbia, MD 20759 and 5100 Buckeystown Pike, Suite 250, Frederick, MD 21704 in the event the main office is unavailable.

### **Loss of Key Personnel**

In the event of Thomas J. Taylor Jr.'s serious disability or death, Chesapeake Financial Advisors has funded insurance to ensure the continuation of the firm.

## **Item 21 Information Security Program**

### **Information Security**

Chesapeake Financial Advisors maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### **Privacy Notice**

Chesapeake Financial Advisors is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies. We use this information to help you meet your personal financial goals.

With client permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone at 410-823-5442, mail, fax, email, or in person. With client permission, we share a limited amount of information about them with their brokerage firm in order to execute securities transactions on their behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.



We do not provide personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and client personal records as permitted by law.

Personally identifiable information about a client will be maintained while they are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify clients in advance if our privacy policy is expected to change.