

Outsourced Testing Services

*We will set up and train registrant's employee on executing the test and documenting their results. This is classified as "Set Up and Training."
We will also perform the testing on the firm's behalf, escalating identified issues and providing quarterly reporting of the results. This is classified as "Outsourced Review."*

Testing Process	Set Up and Training (pre process)	Outsourced Review (per instance)	Purpose of conducting the monitoring/testing
Daily Trade Blotter - Monitoring	●		All daily trading is monitored for potential issues that are not otherwise found during the other monitoring and testing processes.
New Deposit – Monitoring	●		All deposits are reviewed on a daily basis to determine if client deposits are being invested timely. The dollar amount of the deposits that are included in the universe can be established by the registrant. Typically, deposits in excess of \$100,000 per client would be included in the universe from which the sample will be drawn.
New Deposit – Testing	●	●	A sample of deposits are tested on a periodic basis to determine if client deposits are being invested timely. The dollar amount of the deposits that are included in the universe can be established by the registrant. Typically, deposits in excess of \$100,000 per client would be included in the universe from which the sample will be drawn.
Notice Filing	●	●	This testing is completed to ensure that the firm is properly notice filed in states where the number of clients exceeds the di minimis exemption.
Fee Billing	●	●	A sample of the fee schedules are tested on a periodic basis to determine if the fee rate indicated in the billing system is the same rate that is noted in the client fee schedule and that the calculations are accurate. <i>See Securities Exchange Commission Risk Alert Overview of the Most Frequent Advisory Fee and Expense Compliance Issues Identified in Examinations of Investment Advisers April 2018</i>
Best Execution Analysis		●	This review is conducted as a part of the firm's fiduciary obligation to seek best execution when recommending broker dealers and executing trades for its clients. <i>See SEC Risk Alert: Compliance Issues Related to Best Execution by Investment Advisers - July 11, 2018</i>
Trade Allocation – Monitoring	●		This daily monitoring is completed to determine if model trading/allocation is being done in a fair and equitable manner and that no client is disadvantaged in the pricing of their trades. This may be accomplished through block/average price trading but may be done on a rotation basis when block/average price trading is not an option.
Trade Allocation – Testing	●	●	A sample of the model trading is tested to determine if model trading/allocation is being done in a fair and equitable manner and that no client is disadvantaged in the pricing of their trades. This may be accomplished through block/average price trading but may be done on a rotation basis when block/average price trading is not an option.
Terminated Accounts	●	●	This review is conducted to confirm that unearned fees during the period were refunded, and/or final billing invoices were prorated for the final period.
Reverse Churning (Inactive Fee Based Accounts)	●	●	This review is conducted to determine if the firm has any clients that are being charged management fees when no apparent investment management services are being performed. Reverse churning has been an issue identified by the SEC since 2014 and continues to be monitored to confirm that clients aren't being charged fees for investment management services when no meaningful investment management services are being charged.
Mass Rebalance and Model Testing	●	●	This review is done to confirm that the changes to the model construct follow investment committee direction and were implemented correctly from trading through system implementation. This can be done at the time each model construct changes or can be tested on a quarterly basis if the firm has adequate controls in place.

Where testing is performed by Stile, that testing is billed at \$500 per test times the number of time per year the firm wishes to have those tests performed. For example, for each test the registrant elects to have performed quarterly, pricing will be \$500 per instance of the performed test, or \$2000 per year. You can elect to have tests completed more or less frequent, (monthly, quarterly, annually, ad hoc, etc.), which changes the total cost.

Where testing is performed by the registrant and Stile's role is limited to developing, implementing, and training the registrant on executing the testing process, this service is billed at \$1000 per testing process selected. For example, if the registrant elects to have 3 tests implemented, the total cost would be \$3000 for Stile to implement and train the registrant on the testing process.

Limitations and Restrictions - Tests can only be performed if the registrant has access to a reporting mechanism that allows for the extraction of the information necessary for these tests. For example, firms using a data aggregator and/or reporting solutions will typically have access to such a reporting mechanism. For firms who utilize Orion Advisor Solutions, that feature is their Compliance Supervise tool. Currently, best execution reviews can only be completed for firms who utilize TD Ameritrade's custodial platform and are only available on an outsourced basis.