



Ballast Advisors, LLC

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Firm Brochure Part 2A of Form ADV

March 23, 2022

This brochure provides information about the qualifications and business practices of Ballast Advisors, LLC (hereinafter "Ballast Advisors" or the "Firm").

If you have any questions about the contents of this brochure, please contact Ballast at Richard Gerczak at (651) 200-3110 or email rgerczak@ballastadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at www.adviserinfo.sec.gov.

Ballast Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Ballast is also available on the SEC's website at www.adviserinfo.sec.gov. You can view information on this website by searching the Firm's name or by its CRD number, 285991.

Item 2. Material Changes

This Brochure dated March 23, 2022, replaces the version dated February 12, 2021. This item of the Brochure discusses only the material changes that have occurred since our firm's last annual update of this Brochure, dated February 12, 2021.

Included below are the material changes to the content of the brochure since the filing of the Annual Amendment:

- Item 4 - Advisory Business. Ballast Advisors has updated the firm's assets under management as of December 31, 2021.
- Item 4 - Advisory Business. Disclosures added regarding the Firm's recommendations on client 401(k) and IRA rollovers that fall under the Department of Labor's updated Prohibited Transaction Exemption rule.

Ballast Advisors may, at any time, update this brochure and either: (1) send you a copy without charge; or (2) provide a summary of the material changes and offer to send you a copy of the ADV Part 2 without charge, provided the offer is accompanied by certain contact information.

Pursuant to SEC Rules, the Firm will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Ballast Advisors may further provide other ongoing disclosure information about material changes as necessary.

A copy of the Firm's Brochure may be requested, free of charge, by contacting the Chief Compliance Officer, Richard Gerczak at (651) 200-3110 or emailing rgerczak@ballastadvisors.com.

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Item 4. Advisory Business

Advisory Firm Description

Ballast Advisors has been registered as an investment adviser since January 2017.

Listed below are the Firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Parnell & Associates Inc.
- Gerczak & Associates LLC
- S Schmidt & Associates LLC

As of December 31, 2021, Ballast Advisors has \$517130263.35 in assets under management.

- \$504,602,243 of which was managed on a discretionary basis
- \$24,323,302 of which was managed on a non-discretionary basis

While this brochure generally describes the business of Ballast Advisors, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Ballast Advisors' behalf and is subject to the Firm's supervision or control.

A copy of Ballast Advisors' written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of a written Advisory Agreement.

Types of Advisory Services

Ballast Advisors offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Ballast Advisors rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Ballast Advisors setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Within the scope of our financial advisory and consulting services offered, clients may choose to engage in the following areas:

- Financial planning for Individuals and Businesses
- Cash flow management
- Trust and estate planning
- Financial reporting
- Investment consulting
- Insurance planning
- Retirement planning
- Risk management
- Charitable giving
- Distribution planning
- Tax planning and preparation
- Manager due diligence

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement, as described below.

In performing these services, Ballast Advisors is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information.

Ballast Advisors may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Ballast Advisors or its affiliates to provide additional services for compensation.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Ballast Advisors under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for

the purpose of reviewing, evaluating or revising Ballast Advisors' recommendations and/or services. Some of the services described above are provided by a third party engaged by the Firm. Specifically, if not provided by the Firm, tax services are provided by a Third Party engaged by Ballast Advisors, or an affiliate of Ballast Advisors, Ballast Tax & Business Services, LLC, or other third party.

Investment Advisory and Wealth Management Services

Ballast Advisors manages client investment portfolios on a discretionary or non-discretionary basis. In addition, Ballast Advisors may provide clients with "wealth management services" which includes a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

Ballast Advisors primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Ballast Advisors to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Ballast Advisors directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Use of Independent Managers

As mentioned above, Ballast Advisors may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Ballast Advisors evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the

Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Ballast Advisors also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Ballast Advisors continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Ballast Advisors seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Retirement Plan Consulting Services

The Firm provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Executive Planning and Benefits
- Plan Review and Evaluation
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Ballast Advisors as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Ballast Advisors' fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement. The Firm also provides discretionary investment management services to certain retirement plans.

Retirement Plan Rollovers – No Obligation / Conflict of Interest

A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Ballast Advisors recommends that a client roll over their retirement plan assets into an account to be managed by Ballast Advisors, such a recommendation creates a conflict of interest if Ballast Advisors will earn new (or increases its current) compensation as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Ballast Advisors.

Client Investment Objectives and Restrictions

Ballast Advisors tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Ballast Advisors consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Ballast Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Ballast Advisors determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts. In performing its services, Ballast Advisors shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon.

Item 5. Fees and Compensation

Ballast Advisors offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management or advisement.

Investment Management and Wealth Management Fees

Ballast Advisors offers investment management and wealth management services for an annual fee based on the amount of assets under the Firm's management and the scope and complexity of the services involved. This management fee generally varies between 50 and 200 basis points (0.50% – 2.00%), and may vary depending upon certain client-specific factors such as the size and composition of a client's portfolio, investment strategy, and the amount and type of services rendered.

When engagements involve multiple accounts, the anticipated value of all accounts should be added together to determine the household level asset-based fee. Certain clients may receive a discount based on the limited scope of services being provided or during the initial period of investment. When engagements involve multiple households, the fee schedule is applied at the family level and a discount may be applied for each household depending on the size and complexity of the relationship.

The annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by Ballast Advisors on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value.

Please note that Ballast Advisors considers cash to be an asset class, and include cash balances in our fee calculation. There are some cases, where Ballast Advisors may not bill on a client's cash reserves, for example, where a client has designated significant percentage / amount of cash to be held aside purposefully.

Ballast Advisors' advisory agreement provides for termination of the investment management relationship between Ballast Advisors and the client upon written notice. In the event the advisory agreement is terminated, or otherwise withdraws assets prior to the end of the quarter, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Ballast Advisors may negotiate a fee rate that differs from the range set forth above. All management fees are set forth in Advisor’s investment management agreement and are agreed upon prior to entering into a contract with any client.

Financial Planning and Consulting Fees

Ballast Advisors charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but generally range from \$750 to \$25,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Ballast Advisors may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services. The fixed dollar financial planning fee will generally correspond to the fee ranges for each complexity as outlined in the following table:

Low Complexity	Medium Complexity	High Complexity
\$750 - \$3,000	\$1,500 to \$7,000	\$6,000 to \$25,000

Several factors are considered when determining the level of complexity, which include, but are not limited to, household income and net worth, debt considerations, income sources, investment planning involvement, financial position, tax implications and preparation services (if applicable), appropriate insurance coverage considerations, legacy planning, charitable contributions, and retirement and financial planning goals.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Ballast Advisors generally requires one-half of the fee payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

Retirement Plan Consulting Fees

For retirement plan consulting services, Ballast Advisors may charge a fixed project-based fee or an asset-based fee collected by the third-party plan manager. Each engagement is individually

negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. In those situations where Ballast Advisors has agreed to manage a retirement plan's assets, the Firm charges an annual asset-based fee between 50 and 200 basis points (0.50% - 2.00%), depending upon, among other things, the amount of assets to be managed.

Fee Discretion

Ballast Advisors may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

Additional Fees and Expenses

In addition to the advisory fees paid to Ballast Advisors, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, margin costs, fees charged by the Independent Managers, reporting charges, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Direct Fee Debit

Clients generally provide Ballast Advisors and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Ballast Advisors. Alternatively, clients may elect to have Ballast Advisors send a separate invoice for direct payment.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Ballast Advisors' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to Ballast Advisors, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Ballast Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

Item 6. Performance-Based Fees and Side-by-Side Management

Ballast Advisors does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7. Types of Clients

Ballast Advisors offers services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and business entities.

Minimum Account Requirements

Ballast Advisors does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Ballast Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Investing by nature involves exchanging risk for potential reward in varying degrees. In many cases, risk includes a potential loss of principal. Ballast Advisors employs numerous philosophies and strategies in managing investments and their associated risks. Depending on individual client need, the Firm may use any or all of the following methods of analysis:

Technical Analysis

This type of analysis utilizes statistics to determine trends in security prices. Technical analysis tends to focus on factors such as trading volume, demand and security price fluctuations. This type of analysis is also commonly referred to as chart analysis due to the fact that this analysis tends to review various historical charts and graphs.

Behavioral Finance

A field of finance that proposes psychology-based theories to explain stock market anomalies. Within behavioral finance, it is assumed that the information structure and the characteristics of market participants systematically influence individuals' investment decisions as well as market outcomes.

Fundamental Analysis

This type of analysis concentrates on historical and current data. Earnings, a company's financial statements and the quality of a company's management are examples of such data. These quantitative factors are then used to attempt to determine the financial strength of a company and its financial forecast.

Modern Portfolio Theory (MPT)

MPT assumes that investors are risk adverse, meaning that given two assets that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher

returns must accept more risk. Therefore, MPT aims to construct a combination portfolio of assets that has the best possible expected level of return for its level of risk.

Asset Allocation

Research has shown that it is nearly impossible to consistently predict the future direction of a security or of the market in general. As such, it is unlikely that all of a client's investments will "beat the market" consistently. Studies have shown that the selection of investments across asset classes is more contributive to managing portfolio volatility than investments within asset classes.

Strategic Allocation

This strategy involves setting target allocations for various asset classes and rebalancing periodically. The target allocations depend on several factors, such as the investor's risk tolerance, time horizon and investment objectives, and may change over time as these parameters change. Strategic asset allocation is compatible with a buy-and-hold strategy, as opposed to tactical asset allocation that is more suited to an active trading approach.

Every method of analysis has its own inherent risk. To perform an accurate market analysis, the Firm must have access to current/new market information. The Firm has no control over the dissemination rate of market information; therefore, unbeknownst to the Firm, certain analyses may be compiled with outdated market information, severely limiting the value of the Firm's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Material Risks of Investment Strategies

There can be no guarantee of success of the strategies or services offered by Ballast Advisors. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, foreign currency fluctuations, availability of credit, inflation rates, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment.

Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Management Risks:

Assessments about the value and potential appreciation of a particular security or mutual fund may not be right and there is no guarantee that individual securities or mutual funds will perform as anticipated. The value of an individual security or mutual fund can be more volatile than the market as a whole or our fair value approach may fail to produce the intended results.

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Ballast Advisors' recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Ballast Advisors will be able to predict those price movements accurately or capitalize on any such assumptions.

Volatility Risk

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Cash Management Risks

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

Margin Risk

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

Short Selling

Short selling is an investment strategy with a high level of inherent risk. Short selling involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender (i.e., Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third-party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Material Risks of Securities Used in Investment Strategies

The risk of loss from securities investing is ever present. Ballast Advisors cannot guarantee that the investment strategies implemented on our clients' behalf will meet specific goals and objectives.

Equity-Related Securities and Instruments

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed Income Securities

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Independent Managers

As stated above, Ballast Advisors may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Ballast Advisors continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Ballast

Advisors generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

Option Risk

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract.

Currency Risks

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

Interest Rate Risks

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

Alternative Investments

Ballast Advisors may recommend to qualified clients the use of alternative investments when permitted by the particular client's investment objectives. These funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the client. There are numerous other risks in investing in these securities. Investments in such alternative assets may be illiquid, which may impair the ability of the client to exit such investments in times of adversity. Alternative investments may utilize highly speculative investment techniques, including leverage, highly concentrated portfolios, subordinated securities, positions, control positions and illiquid investments. Clients who invest in alternative investments will pay Ballast Advisory fees and those of the underlying investment managers, and certain other fees and expenses of underlying investment funds in which the client invests. Investors in alternative investments may also pay carried interest, performance or incentive allocations to an underlying manager or sponsor of an underlying investment fund in which they invest, all of which contribute to the overall cost of the investment.

Cyber and Data Security Risks

Investment advisers, such as Ballast Advisors, and their service providers may be subject to operational and information security risks resulting from cyber attacks. Cyber attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber security breaches. Cyber attacks affecting investment adviser, a client's custodian, or intermediaries or other third-party service providers may adversely impact a client's experience and/or investment. For instance, cyber attacks may interfere with the processing of client's transactions, cause the release of private information or confidential company information, impede trading, subject the adviser to regulatory fines or financial losses, and cause reputational damage. Ballast Advisors may also incur additional costs for cyber security risk management purposes.

While Ballast Advisors and our service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cyber security attacks, such plans and systems have inherent limitations due in part to the ever-changing nature of technology and cyber security attack tactics, and there is the possibility that certain risks have not been adequately identified or prepared for. Furthermore, Ballast Advisors cannot control any cyber security plans or systems implemented by our service providers.

Item 9. Disciplinary Information

Ballast Advisors has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

Licensed Insurance Agents

A number of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that Ballast Advisors recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

Related Certified Public Accounting Firm

Ballast Advisors does not render accounting services to clients. One of the Firm's Principals, Paul Parnell, has ownership in Ballast Tax & Business Services LLC. In the event a client requires accounting services, the firm may recommend Ballast Tax & Business Services LLC. These services are rendered independent of Ballast Advisors and pursuant to a separate agreement between the client and the accounting firm. The Firm does not receive any portion of the fees paid by the client to Ballast Tax & Business Services LLC and does not receive a referral fee in connection with the accounting services provided by Ballast Tax & Business Services LLC. However, Mr. Parnell is entitled to receive distributions relative to his ownership interest in Ballast Tax & Business Services LLC. In addition, the Firm may provide tax services (including tax planning and preparation) as part of an engagement with clients. Unless Ballast Advisors provides the services directly, the Firm can engage a third party and will engage Ballast Tax & Business Services LLC for these services. Because of Mr. Parnell's relationship with Ballast Tax & Business Services LLC, a conflict of interest exists to the extent that the Firm recommends, or engages, the accounting and tax planning services of Ballast Tax & Business Services LLC.

Item 11. Code of Ethics

Ballast Advisors has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Ballast Advisors’ Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Ballast Advisors’ personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, certain exception may be made.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients;
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Ballast Advisors to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Recommendation of Broker/Dealers for Client Transactions

Ballast Advisors generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services (“Schwab”) for investment management accounts.

Factors which Ballast Advisors considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Ballast Advisors’ clients to Schwab comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Ballast Advisors determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Ballast Advisors seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Ballast Advisors in its investment decision-making process. Such research generally will be used to service all of the Firm’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research

products and/or services poses a conflict of interest because Ballast Advisors does not have to produce or pay for the products or services.

Ballast Advisors periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Software and Support Provided by Financial Institutions

Ballast Advisors may receive without cost from Schwab computer software and related systems support, which allow Ballast Advisors to better monitor client accounts maintained at Schwab. Ballast Advisors may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit Ballast Advisors, but not its clients directly. In fulfilling its duties to its clients, Ballast Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Ballast Advisors’ receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm’s choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Ballast Advisors may receive the following benefits from Schwab:

- Services intended to help manage and further develop the Firm’s business enterprise, including (but not limited to) professional consulting services, publications and conferences, and employee benefits providers, or credits to be used toward qualifying third-party service providers offering the same;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- Access to an electronic communication network for client order entry and account information;
- Access to educational events organized and/or sponsored by Schwab and occasional business entertainment by Schwab personnel, including (but not limited to) meals and invitations to sporting events.

Brokerage for Client Referrals

Ballast Advisors does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage

The client may direct Ballast Advisors in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Ballast Advisors (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Ballast Advisors may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Trade Aggregation

Transactions for each client generally will be affected independently, unless Ballast Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Ballast Advisors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Ballast Advisors’ clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Ballast Advisors’ Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Ballast Advisors does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Trade Errors

Errors in executing client transactions may occur from time to time which we will seek to correct on a timely basis so that you will not incur a loss or other costs as a result of any such errors. Any loss or costs incurred as a result of the corrections of such errors will be borne by us or by your broker/custodian while any market gains resulting from the correction of such errors will usually be retained by your broker/custodian or you.

Item 13. Review of Accounts

Account Reviews

The Firm's investment adviser representatives will regularly monitor client portfolios, and portfolios will be rebalanced as needed. Clients will have contact with their investment adviser representative regarding their portfolio at least annually. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Ballast Advisors and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Ballast Advisors and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Ballast Advisors or an outside service provider.

Portfolio managers may also schedule client meetings on a periodic basis, or request basis, to review a client's portfolio, performance, market conditions, financial circumstances, and investment objectives, amount other things, to confirm that Ballast Advisor's investment decisions and services are consistent with the client's objectives and goals. Meetings or reviews may also be triggered by market, economic or political changes, among others.

Item 14. Client Referrals and Other Compensation

Client Referrals

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

Other Compensation

It is the Firm's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Ballast Advisors receives an economic benefit from Schwab in the form of the support products and services it has made available. These products and services, how they benefit Ballast Advisors, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to Ballast Advisors of Schwab's products and services is not based on Ballast Advisors giving particular investment advice, such as buying particular securities for clients.

Item 15. Custody

Although all of our clients' assets are held with qualified custodians, Ballast Advisors is deemed by the Securities and Exchange Commission ("SEC") to have custody of certain client assets due to our ability to directly debit our management fees from certain client custodial accounts, the extent of our "bill pay" services to certain clients, and our authorization to transfer client assets to certain third parties and/or to other accounts of certain clients based on written authorization from those clients. We have procedures in place to comply with applicable requirements of the SEC in such circumstances.

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Ballast Advisors and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Ballast Advisors.

In addition, to the reports discussed in Item 13, Ballast Advisors may also send periodic supplemental reports to clients as needed. We urge clients to carefully review the statements sent directly by the Financial Institutions and compare them to those received from Ballast Advisors.

Item 16. Investment Discretion

Ballast Advisors may be given the authority to exercise discretion on behalf of clients. Ballast Advisors is considered to exercise investment discretion over a client's account if it can affect and/or direct transactions in client accounts without first seeking their consent. Ballast Advisors is given this authority through a power-of-attorney included in the agreement between Ballast Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Ballast Advisors takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired

Item 17. Voting Client Securities

Acceptance of Proxy Voting Authority

Ballast Advisors accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When Ballast Advisors accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in the Firm's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Ballast Advisors' Proxy Voting Policies and Procedures, as they may be amended from time to time. Clients may contact Ballast Advisors to request information about how the Firm voted proxies for that client's securities or to get a copy of Ballast Advisors' Proxy Voting Policies and Procedures.

A brief summary of the Firm's proxy voting policies and procedures is as follows: The Firm has engaged Broadridge Financial Solutions, Inc. ("Broadridge") to provide electronic proxy voting services. Through Broadridge, the Firm has access to research and analysis on the various proxy proposals for the client securities that Ballast Advisors manages. The Firm expects to generally vote proxies in accordance with the guidance provided by Broadridge's Shareholder Value Template, which was created using the publicly disclosed vote records of top fund families, selected by Assets Under Management, and whose goal is to maximize shareholder value.

Although the Firm generally expects to vote proxies in line with the guidance provided by the Shareholder Value Template, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then Ballast Advisors will devote appropriate time and resources to consider those issues.

Where Ballast Advisors is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke Ballast Advisors authority to vote proxies. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Ballast Advisors maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following the guidance provided by the Shareholder Value Template or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

For Ballast Advisors clients that entered into advisory agreements that did not authorize proxy voting on their behalf, Ballast Advisors can elect to maintain that arrangement and will not have the responsibility to vote proxies on the client's behalf. In such cases, clients will receive proxies directly from the Financial Institution(s) and may contact Ballast Advisors with questions about such issuer solicitations.

Item 18. Financial Information

Ballast Advisors is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.