

# **COLONY FAMILY OFFICES, LLC**

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**4250 Congress Street**

**Suite 175**

**Charlotte, NC 28209**

**(704) 285-7300 (main) (704) 285-7301 (fax)**

[www.colonyfamilyoffices.com](http://www.colonyfamilyoffices.com)

## **The Brochure Part 2A of Form ADV**

**March 29, 2023**

This brochure provides information about the qualifications and business practices of Colony Family Offices, LLC (“Colony”). If you have any questions about the contents of this brochure, please contact Sarah Brock Rhodes, Chief Compliance Officer at (704) 285-7300. 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.

Colony is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser are intended to provide you with information to assist in your determination as to whether or not to retain the services of that investment adviser.

Additional information about Colony also is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Material Changes**

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Colony Family Offices, LLC (“Colony”, we, our, ours) provides its disclosure brochure (“brochure”) to you when we enter into an advisory agreement with you. We then offer to deliver an updated brochure annually.

This brochure, dated March 29, 2023, replaces the version dated October 28, 2022. We will provide you with an updated brochure, as required, based on the changes or new information, at any time without charge.

No less than annually, our brochure will be updated. Within 120 days of our fiscal year end we will deliver a summary of material changes which have been made to our brochure since its last annual update. This summary will include information about how you may obtain an updated brochure at no charge, and it will include the date of the last annual update. We will provide updated disclosure information about material changes more frequently as needed.

Currently, our brochure may be requested by contacting Sarah Brock Rhodes, Chief Compliance Officer, by phone, at (704) 285-7300 or by e-mail at [sbrock@colonycfo.com](mailto:sbrock@colonycfo.com). We will provide you with a copy of our current brochure at any time without charge.

Additional information about us and about our investment advisory representatives (“IARs”) is also available via the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Information about your IAR may be found in the IAR’s supplement to our brochure.

*Colony Family Offices, LLC  
SEC Number 801-77764  
CRD Number 167017*

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## ***Advisory Business***

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Colony Family Offices, LLC (“Colony”, we, us, our, ours, or the firm) is a registered investment adviser with the U.S. Securities and Exchange Commission since March 2013 and began operations in May 2013. Colony’s principal place of business is located in Charlotte, North Carolina. Eric D. Ridenour is Managing Director and principal owner of the firm.

Colony was founded to serve a select group of ultra-high net worth families with objective, comprehensive and integrated wealth management advice. We focus on the entire wealth enterprise of each family with customized service which enables our families to make informed decisions.

Colony tailors its service offering to meet the needs of each family it serves. Based upon the direction of the family, we help coordinate and implement strategy across the following wealth management areas: financial planning, investment advisory, tax planning, education, philanthropic, operations and risk management.

When working with families, we utilize a priorities-based approach that enables the family to make informed decisions and work towards agreed-upon goals and objectives.

## ***Wealth Management Services***

Colony offers wealth management on a discretionary and non-discretionary basis. Through discussions, interviews and questionnaires, we will assist you in determining your investment objectives. This may include creating an Investment Policy Statement (“IPS”) based on your objectives, risk tolerance, liquidity needs, tax considerations and any other issues related to your financial situation. We will design customized strategic asset allocations and provide a framework for the management and oversight of the portfolio.

We will implement your investment strategy through a diversified portfolio comprised of both passive and active strategies. We will likely recommend and implement tactical allocations in order to seek to capitalize on short-term investment opportunities or defend against market risks or dislocations. We will engage third party investment managers whose approaches and history facilitate your strategy. We analyze investment managers based upon their investment strategies, experience, performance track record, reputations, and fee arrangements.

Portfolios may include domestic and foreign equities, fixed income, mutual and exchange

traded funds, and private funds which include hedge funds and funds of funds.

We will provide ongoing (monthly or quarterly, based upon client request) consolidated reporting and meet with you periodically to discuss the performance of your investments and update your financial information. Smaller accounts may not receive consolidated reports. The Master Advisory Agreement “MAA” will document whether smaller accounts may not receive performance reporting or have a documented IPS. Any documented IPS will be updated and revised as needed.

You should notify us promptly if there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon the management of your account.

As part of our asset management services, we may provide the following component services separately, as requested by our clients:

- Investment Policy Statement Creation and Maintenance
- Asset Allocation Strategies
- Ad hoc Investment Research
- Consolidated Performance Reporting

### **Assets Under Management**

As of December 31, 2022, Colony managed \$2,152,589,491 in assets on a discretionary basis where Colony made the investment decisions; and \$332,088,160 in assets on a non-discretionary basis where our client(s) made investment decisions based on our recommendations.

### **Financial Planning and Consulting Services**

For financial planning to be successful, all facets of your family’s wealth enterprise must be coordinated, integrated and focused on to help achieve your ultimate goals. Our financial planning process is grounded on the discovery of the goals and objectives of your family and thorough review of your family’s current situation and structures.

While the development of a comprehensive financial plan is important, we understand that the implementation and monitoring of your plan is critical to achieving your goals. Our service offering allows us to proactively monitor, administer and enhance various aspects of

the overall plan. The Master Advisory Agreement “MAA” will document whether you receive Financial Planning Services.

Colony will provide ongoing services and written reports related to the following financial planning areas:

- Estate/trust/gift planning and review
- Life insurance summary and review
- Property and casualty insurance summary and review
- Debt review
- Cash projections and net worth planning
- Tax Planning

These services are based on you providing personal data such as family records, employment records, budgeting, assets, liabilities, estate information, and tax information. We will work closely with your attorney, accountant, insurance agent, and other advisers.

Colony will also provide financial planning services and customized reporting on an ad hoc basis, separate from its wealth management services.

### **Corporate Trustee and Estate Administration**

To the extent requested by the client, Colony may recommend the services of other professionals for certain non-investment implementation purposes including its affiliated trust company, Colony Trust Company, LLC (“CTC”). The client is under no obligation to engage the services of CTC. Although CTC is commonly owned by certain employee owners of Colony, no corresponding CTC-client relationship is established unless the client separately determines to engage CTC for corporate trustee services or estate administration services. Please reference the disclosure in the section titled “Other Financial Industry Activities and Affiliations” below.

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### **Fees and Compensation**

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Colony offers its fee-only advisory services based upon assets under management. Our fees are described generally below and are detailed in each of our client’s advisory agreement. We may group multiple accounts of a client (or group of related clients) together for fee billing purposes. Fees may change over time and, as discussed below, different fee schedules may apply to different types of clients, strategies and advisory arrangements.

## **Fees for Wealth Management and Financial Planning**

Wealth management and financial planning services include ongoing comprehensive financial planning (estate planning, income tax planning, charitable gift planning, cash flow analysis, asset protection strategies and business continuity planning), the development and maintenance of investment policy, if applicable, manager selection and monitoring, portfolio construction, ongoing due diligence and ongoing investment reporting outlined in the MAA.

Fees for wealth management and financial planning are calculated on the gross market value of your assets on the last day of the preceding quarter. Fees are payable in arrears on a quarterly basis unless otherwise directed by our client as described in the client's advisory agreement.

Our maximum annual fees for wealth management and financial planning services are tiered according to the following schedule:

<b>Assets Under Management</b>	<b>Maximum Annual Fee</b>
First \$10,000,000	1.00%
Next \$20,000,000 (up to \$30,000,000)	0.85%
Next \$20,000,00 (up to \$50,000,000)	0.50%
Next \$30,000,000 (up to \$80,000,000)	0.30%
Over \$80,000,000	0.25%

An example of our tiered advisory fee calculation has been provided below:

*Fee Calculation based on \$50,000,000 assets:*

$$\text{Annual Fee} = (\$10,000,000 \times 1\%) + (\$20,000,000 \times 0.85\%) + (20,000,000 \times 0.50\%)$$

Although Colony has established the fee schedule above, we retain the discretion to negotiate or waive certain fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining a negotiated fee schedule. The specific annual fee schedule is identified in the agreement between Colony and each client.

We will bill you directly for our services, or you may authorize us to have your fees deducted directly from your account. This authorization will be included in your advisory agreement you will execute to engage our services.

Your custodian will provide you with statements that show the amount of the advisory fees paid directly to us. Your custodian does not verify the accuracy of our fee calculations so please review your statements carefully.

Should either one of us terminate the advisory agreement we have entered into before the end of a billing period, you will be assessed a pro rata charge for the number of days assets remain in any account you established through Colony and its relationships with third party custodians.

Colony's advisory fee is exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as fees charged by managers, custodial fees, 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. A client's portfolio may include positions in mutual funds or exchange traded funds which also charge internal management fees, which are disclosed in those funds' prospectuses. Certain private funds and third-party asset managers may charge performance-based compensation, in addition to a management fee. Such fees are described in the respective private offering memorandum or disclosure brochures. Colony does not receive any portion of these commissions, fees, or costs.

Clients are advised that if securities transferred into the client's account are sold, there may be transaction costs, fees assessed at the mutual fund level (i.e., contingent deferred sales charge), and/or potential tax ramifications.

Please be sure to read the section entitled "Brokerage Practices," which follows later in this brochure which further describes the factors that Colony considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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## ***Performance-Based Fees***

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We do not charge performance-based fees for any of the services described in this brochure. Performance-based fees are generally based on a percentage of the capital gains on and/or appreciation of the client account assets.

Certain private funds may assess performance-based fees. These are described in the respective private offering documents. Colony does not share in these fees.



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## ***Types of Clients***

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We provide advisory services primarily to high net worth individuals and their families, including their trusts, estates and retirement accounts. We also provide services to corporations, business entities and family foundations.

As a condition for starting and maintaining an advisory relationship with us, we generally require that family relationships have a minimum collective investment account of \$10,000,000. We, at our sole discretion, may allow you to engage our services if you have a smaller account. Some of the factors we consider in making this determination include pre-existing client relationships we may have with you or your family members, any additional assets you are anticipated to receive in the future, your account composition, and your anticipated future earning capacity.

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

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Colony will allocate client portfolios among separately managed accounts, mutual funds, exchange traded funds, and private funds (including hedge fund, private equity, and venture capital).

We will engage Greycourt & Co., Inc. (“Greycourt”), a registered investment adviser, to assist us in research, manager due diligence, and asset allocation research.

In researching third party asset managers, Greycourt assesses the manager’s investment philosophy, investment disciplines, risk controls, experience, ownership structure, compensation structure, organizational stability, client base, and the personal integrity of its management and personnel. Review and due diligence of certain managers are ongoing processes performed by Greycourt.

Additionally, in evaluating managers not reviewed by Greycourt and investment opportunities, Colony will utilize publicly available information, which may include information available through financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, company press releases, and personal interviews with company management. Review and due diligence of these managers are ongoing processes performed by Colony.

Investment strategies generally include long term purchases (securities held at least a year), short term purchases (securities purchased and sold within a year), margin transactions, and option writing.

Although we manage your account in a manner we believe to be consistent with your specific investment objectives and risk tolerances, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or a particular company, and any number of other factors can affect investment performance.

You should be prepared to bear the risk of loss. All investments are subject to loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Risks may include market, interest rate, issuer, general economic, geo-political, and currency exchange rate risks.

The risks associated with each managed product are described in the respective offering memorandum or prospectus.

The use of margin, options and short sales are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested.

In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you. When you short sell, your losses can be infinite.

Private funds are generally illiquid.

You should also be aware that certain transactions in the account (including account reallocations and rebalancing) may trigger a taxable event (unless your account is a qualified retirement or otherwise tax deferred account).

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## ***Disciplinary Information***

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We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

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

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Neither Colony, nor any management person of Colony is registered or has a pending registration with or as a broker/dealer, a futures commission merchant, a commodity pool operator, and/or a commodity trading advisor.

Colony receives no additional compensation directly or indirectly from the third-party investment managers it recommends or engages to manage portions of your portfolios.

As mentioned above, Colony engages Greycourt Co., Inc. (“Greycourt”) for research, manager selection, and other services. Colony and Greycourt are not affiliated. Colony pays Greycourt a quarterly retainer fee for the aforementioned services and such retainer is not based upon the level of client assets that Colony manages.

Colony Trust Company, LLC (“CTC”) is a public trust company, which is commonly owned by certain employee owners of Colony and provides corporate trustee services and estate administration services to families that work with Colony and other prospects generated by CTC itself. No Colony client is obligated to use CTC’s services. Clients who engage CTC’s services will enter into a separate arrangement with CTC.

CTC compensates Colony in consideration for the provision of administrative services that include an appropriate expense sharing and reimbursement arrangement with CFO for shared resources and staff.

The recommendation that a client separately engage CTC’s services presents a conflict of interest; however, no client is under any obligation to do so.

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## ***Code of Ethics; Participation or Interest in Client Transactions and Personal Trading***

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We have adopted a *Code of Ethics* (“*Code*”) to address the standard of business conduct required of our IARs and employees. The *Code* includes our policies and procedures developed to protect your interests in relation to the following:

- The duty at all times to place your interests ahead of ours;
- That all personal securities transactions of our IARs and employees be conducted in a manner consistent with the *Code* and avoid any actual or potential conflict of

interest, or any abuse of an IAR's or employee's position of trust and responsibility;

- That IARs may not take inappropriate advantage of their positions;
- That information concerning the identity of your security holdings and financial circumstances are confidential; and
- That independence in the investment decision-making process is paramount.

We will provide a copy of the *Code* to you or any prospective client upon request.

We do not buy or sell securities for Colony's own account that we also recommend to Colony clients. However, Colony's IARs and employees are permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account.

The personal securities transactions by our IARs and employees may raise potential conflicts of interest when they trade in a security that is owned by you, or is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- Require our IARs and employees to act in your best interest,
- Prohibit favoring one client over another, and
- Monitor and review of transactions to discover and correct any trades in the account of an IAR or employee that was placed in a manner inconsistent with our *Code*.

Our IARs and employees must follow our procedures when purchasing or selling the same securities purchased or sold for your account.

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## ***Brokerage Practices***

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We will recommend one or more banks, trust companies and brokerage firms as custodians and brokers for your account ("custodian"), although we will generally agree to employ the services of the custodian(s) you choose. Third party asset managers we select to help manage your account may require specific custodians for their management.

We are independently owned and operated and not affiliated with any custodian. However, our recommendation of a particular custodian is a beneficial business arrangement for us and for the custodian. Information regarding the benefits of this relationship is described below.

Our recommendation of a specific custodian is based in part on our existing relationships; the custodian's financial strength; reputation; breadth of investment products; and, the cost and quality of custody and brokerage services provided to you and our other clients.

The determining factor in the recommendation of a particular custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether they can provide what is in our view, the best qualitative execution for investment transactions for your account.

In addition to brokerage and custody services, services customarily made available to advisers include access to investments generally available to institutional investors; research; software; and, educational opportunities. Custodians may also make available or arrange for these types of services to be provided to us by independent third parties.

A custodian may discount or waive the fees it would otherwise charge for some of the services it makes available to us. It may also pay all or a part of the fees of a third party providing these services to us.

We receive economic benefits as a result of our relationship with custodians; these services are not contingent upon us committing any specific amount of business to the custodians in trading commissions. Colony does not enter into any "soft dollar" arrangements with custodians and broker/dealers through which we receive research or other services based on commissions generated in your account or the number of transactions effected in your account.

Our recommendation of specific custodians may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. This may create a conflict of interest as such benefits could potentially influence the firm to recommend certain custodians based on the benefits it provides to Colony. We nonetheless strive to act in your best interests at all times.

The custodians do not charge separately for holding our client accounts, but may be compensated by you through other transaction-related fees associated with the securities transactions they execute for your account.

Commissions and other fees for transactions executed through the custodians we recommend may be higher than commissions and other fees available if you use another custodian firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by our recommended custodians, outweighs the benefit of possibly lower transactions cost which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained through our recommended custodians. We do not attempt to allocate these benefits to specific clients.

The third-party asset managers we select will have brokerage practices which may differ from ours. They are responsible for best execution and negotiating favorable commissions for transactions they execute in your account. As part of our initial and ongoing due diligence of these managers, we will review their best execution policies.

### **Directed Brokerage**

You may direct us in writing to use a particular custodian to execute some or all of the transactions for your account. If you do so, you may be responsible for negotiating the terms and arrangements for the account with that custodian.

We may not be able to negotiate commissions, obtain volume discounts, or best execution with custodians with which we do not have a pre-existing relationship. A difference in transaction fees and expenses may also exist between those charged to clients who direct us to use a particular custodian and other clients who do not.

### **Bunched Trading**

Aggregated or “bunched trading” allows for the purchase or sale of a security for the accounts of multiple clients in a single transaction. If a bunched trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given bunch were executed.

If an order is not completely filled when executing a bunched trade, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

Colony may aggregate trades only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients.

Transactions for non-discretionary client accounts are generally not bunched with transactions for discretionary client accounts. Transactions for the accounts of our advisory representatives and employees may be included in bunched trades. They will receive the same average price and pay the same commissions and other transaction costs as clients.

Transactions for the accounts of our advisory representatives or employees will not be favored over transactions for client accounts.

We are not obligated to include any client transaction in a bunched trade. Bunched trades will not be effected for any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

Third party asset managers will aggregate transactions according to the written disclosure of their practices.

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## ***Review of Accounts***

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We will review your account on an ongoing and periodic basis to monitor that your investments and investment strategies are consistent with your Investment Policy Statements, if applicable. Additionally, we will meet with you periodically to review your account. During these reviews, we will update your financial information, and confirm or amend any documented IPS as required. Reviews may also be triggered by economic or political events, or by client request.

All reviews are conducted by your advisory representative and coordinated with our staff. Ms. Rhodes oversees all account reviews.

As previously noted, we strongly encourage you to advise us of any changes in your personal circumstances, your investment goals or objectives, and your risk tolerances to ensure that your investments and investment strategies are most appropriate for you.

On a monthly or quarterly basis, as requested by you, we will provide consolidated performance reports detailing your holdings, transactions, withdrawals and contributions. Smaller accounts may not receive consolidated performance reports from Colony as stated in the advisory agreement between Colony and the client. These reports are not a substitute for the statements you receive directly from your account custodian. You should compare the reports we provide with those provided by the custodian.

At your request, we will also create customized reports.

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## ***Client Referrals and Other Compensation***

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Colony receives certain economic benefits as a result of our participation in the institutional brokerage programs of custodians we may recommend. Those benefits are described in detail in the preceding section entitled "Brokerage Practices."

Except as described above, Colony does not receive direct or indirect compensation related to our advisory services other than the advisory fees paid to us by our clients.

Colony currently has and may enter into other agreements with promoters to refer clients to Colony for compensation, which are generally cash payments. This presents a potential conflict of interest since a promoter has an incentive to recommend Colony as a result of the compensation it receives. Colony mitigates this risk by requiring each promoter to provide the prospective client with a copy of this document (Colony's brochure) and a separate disclosure statement that includes the following information:

- Whether the promoter is, or is not, a current client of Colony;
- That cash or non-cash compensation was provided for the testimonial or endorsement of Colony;
- A brief statement of any material conflicts of interest on the part of the promoter resulting from the promoter's relationship with Colony;
- The material terms of the compensation arrangement, including a description of the compensation provided or to be provided, directly or indirectly, to the promoter; A final description of any additional material conflicts of interest on the part of the promoter resulting from the investment adviser's relationship with such person and/or the compensation arrangement; and
- The client must acknowledge in writing this arrangement.

If a referred client enters into an investment advisory agreement with Colony, a cash referral fee is paid to the promoter that is based upon a percentage of client advisory fees that are generated. This referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided. The referral agreements between Colony and the promoters are in compliance with regulations as set out in 17 CFR §275.206(4)-1, the Marketing Rule under the Investment Advisers Act of 1940, and the rules set forth by the respective state jurisdictions.

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## **Custody**

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Your assets are held by qualified custodians. However, you may have authorized us to deduct advisory fees directly from your custodial accounts, granted us full or limited power of attorney, or engaged one of our principals to serve as trustee on an account. As such, Colony is considered to have "custody" over certain client assets.

Generally, clients receive statements from Colony, as stated in the relevant advisory agreement, as well as from the custodian at which client assets are held. You are urged to



compare Colony's statement to information about your holdings provided by your custodian or the fund sponsor for any Limited Partnership(s) that you might own. The statements will show the advisory fees paid to us. Smaller accounts may not receive statements from Colony. Your custodian does not verify the accuracy of fee calculations so please review the fees carefully and report any material differences to us.

Please contact your advisory representative or our Chief Compliance Officer, Sarah Brock Rhodes, promptly, should you have any questions or concerns regarding your account.

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## ***Investment Discretion***

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Colony offers its services on a discretionary basis and non-discretionary basis, which are outlined in client contracts.

We may only exercise discretion if you have provided that authority to us in writing. This authorization is included in the Master Advisory Agreement you enter into with us.

The discretionary authority you grant to us does not allow us to withdraw funds from your account except to direct the custodian to send payments to third parties per your request or to withdraw our advisory fees which may only be done with your prior written authorization.

We will exercise discretion in a manner consistent with the stated investment objectives for your account.

Typically, under third party investment management arrangements, the third party investment manager exercises discretion in the management of your account. All securities transactions are selected and executed by that manager. We do not manage assets in those accounts, but hold discretionary authority to hire and fire such third party managers on your behalf.

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## ***Voting Client Securities***

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Colony or an appointed agent of Colony will vote proxies for securities in discretionary accounts unless specifically directed otherwise in writing by you. Colony may delegate this responsibility to third party asset managers engaged on your behalf to manage securities for which proxies are given. In the event of a class action involving a security owned in your discretionary accounts, Colony or an appointed agent of Colony will work with the appropriate custodian to process such claims as we believe to be appropriate and material for your accounts.

Colony will not vote proxies for securities held in accounts that have been designated as non-discretionary. However, clients may opt to have an appointed agent of Colony vote proxies for non-discretionary assets.

Colony has adopted policies and procedures for voting client proxies in the best interest of clients. In the event conflict of interest exists and Colony determines that the matter is not covered under the Proxy Voting Procedures, Colony will contact the client for instructions on voting.

You may obtain a copy of our Proxy Voting Procedures by contacting Sarah Brock Rhodes at 704-285-7300. You may also contact Ms. Rhodes to obtain information about how we voted your securities.

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## ***Financial Information***

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We have not been the subject of any bankruptcy proceedings.