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FORM ADV Part 2A

*MIDDLETON & COMPANY, INC.*

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March 17, 2023

This Brochure provides information about the qualifications and business practices of Middleton & Company, Inc. (“Middleton”). If you have any questions about the contents of this brochure, please contact us at 617-357-5101. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Middleton is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Middleton is 104549.

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Middleton is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 - Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 29, 2022, we have reinserted our legacy fee schedule. Please refer to Item 5 *Fees and Compensation* below for more information.

Additional information about Middleton & Company, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Middleton & Company, Inc. who are registered as investment adviser representatives.

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## Item 4 – Advisory Business

### ***Firm Description***

Middleton & Company, Inc. (“Middleton”) is an independent investment counseling firm dedicated to providing objective advice and disciplined investment management to individuals, families, trusts, endowments, foundations, and ERISA and retirement plans. Our firm was founded on the belief that experienced investment professionals, applying sound judgment and thorough market analysis, can make a difference in clients’ lives.

Middleton is a duly formed corporation in the Commonwealth of Massachusetts that has been offering investment advice to clients since 1984. As of December 31, 2022, Middleton manages \$893,112,042 in assets under management on a discretionary basis and \$2,094,474 on a non-discretionary basis.

The principals of our firm are Managing Director and President, John K. Sargent, Jr.; Managing Director and Chairman of the Board, Alice K. Walsh; and Managing Director and Chief Compliance Officer, Maria McCormack. Other officers include Managing Director and Chief Investment Officer, Robert G. Bruch, Jr.; and Chief Operations Officer, Dorothy A. Bowers. Middleton is exclusively employee owned; the Middleton & Company Employee Stock Ownership Trust is our majority shareholder.

As used in this brochure, the words "we", "our" and "us" refer to Middleton and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's owner(s), employees, and all individuals providing investment advice on behalf of our firm.

### ***Types of Advisory Services Offered***

Middleton provides comprehensive investment advice designed to meet the specific goals and needs of our clients. Our advisory services include consultations to establish investment objectives; account reviews; purchases and sales of securities; and portfolio appraisals. Advice is typically provided on a discretionary basis but may be offered on a non-discretionary basis.

Middleton tailors its advisory services to the individual needs of each client. We offer a framework of five investment strategies that we use to build portfolios within the context of a client’s existing holdings, current objectives, and risk tolerance. For each client, a specific strategy or a combination of strategies may be appropriate. Please see *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss* - for further information regarding our investment strategies. Our investment recommendations generally are limited to providing advice regarding:

- exchange-listed securities
- securities traded over-the-counter
- exchange traded funds (including open and closed end funds) • municipal securities

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- mutual fund shares
  - U.S. government securities
  - corporate debt securities (other than commercial paper)
  - commercial paper
  - certificates of deposit
  - foreign issuers
  - warrants

As a matter of policy, we avoid alcohol, tobacco and gaming stocks.

All investments involve varying degrees of risk and investments will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability. Additionally, clients may impose restrictions on investing in certain securities or types of securities. In connection with the provision of advisory services, a Portfolio Manager works with each client to:

- create a Statement of Investment Policy to ensure the portfolio is invested in accordance with your specific goals and objectives;
- determine the appropriate asset allocation for your portfolio, based upon a number of factors, including income needs, investment horizon and risk tolerance;
- work with your professional team – attorney, accountant and/or financial planner – to ensure that the investment management of your portfolio is coordinated with your estate plan and tax situation; and
- assist our non-profit clients with return expectations and withdrawal assumptions to support long-term planning for operating budgets and capital projects.

#### Item 5 – Fees and Compensation

Middleton offers investment advisory services based on a percentage of assets under management. A client's advisory agreement establishes the manner in which fees are charged. Middleton generally bills its fees on a quarterly basis in advance at the beginning of each calendar quarter. Clients may elect to be billed directly for fees or to authorize Middleton to debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged or credited a pro-rated fee. A client agreement may be terminated at any time, by you or Middleton, for any reason upon receipt of a written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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### ***Fee Schedule - Annual Rate***

- 1.00% on the first \$1,000,000 of assets
- 0.90% on the next \$1,000,000 of assets
- 0.80% on the next \$1,000,000 of assets
- 0.70% on the next \$1,000,000 of assets
- 0.60% on the next \$1,000,000 of assets
- 0.45% on the next \$5,000,000 of assets
- 0.40% on the balance of assets above \$10,000,000
- 0.55% - Bond Accounts of more than \$3,000,000 in assets

Our minimum account size is \$1,000,000 and may be waived at our sole discretion.

Under certain circumstances, fees may be negotiated and may vary with respect to individual clients. Mutual fund holdings may be included in our fee calculation.

### ***Additional Fees and Expenses***

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

We may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

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### ***IRA Rollover Considerations***

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.

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3. Our strategy may have higher risk than the option(s) provided to you in your plan.
  4. Your current plan may also offer financial advice.
  5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
  6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
    - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
  7. You may be able to take out a loan on your 401k, but not from an IRA.
  8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
  9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
  10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

#### Item 6 – Performance-Based Fees and Side-By-Side Management

We do not accept performance-based fees or participate in side-by-side management. Side by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Fees and Compensation* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

#### Item 7 – Types of Clients

Middleton provides portfolio management services to the following types of clients:

- individuals
- trusts and estates
- corporate pension and profit-sharing plans
- charitable institutions, foundations, endowments, charitable remainder unitrusts



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Middleton generally requires a minimum account size in excess of \$1,000,000, although this minimum may be waived under certain circumstances.

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

### ***Methods of Analysis***

Securities analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. Middleton uses a variety of sources of information in the analysis of investment strategies including fundamental financial data provided by FactSet Research, Bloomberg, and on-line services, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, SEC filings, and company press releases. Middleton also uses a disciplined valuation approach consisting of a proprietary dividend discount model, cash flow analysis, and other valuation metrics.

### ***Investment Strategies***

Middleton offers our clients a framework of five investment strategies. We use these strategies to build portfolios within the context of a client's existing holdings and current objectives. For each client, a specific strategy or a combination of strategies may be appropriate.

#### Core Growth

A Core Growth portfolio has a well-diversified, growth-oriented focus and is designed to generate annual returns competitive with the S&P 500 over a multi-year time horizon. The portfolio typically consists of 40-50 holdings diversified across economic sectors, with an emphasis on high-quality companies that generate consistent, above average annual earnings growth. The portfolio may also incorporate the use of Exchange Traded Funds (ETFs) to efficiently access markets or sectors that appear to be attractively valued. Annual turnover is targeted at less than 25%, making this portfolio appropriate for investors sensitive to capital gains taxes.

#### Aggressive Growth

The Aggressive Growth portfolio is designed to pursue aggressive capital growth for clients with a higher tolerance for risk and less sensitivity to capital gains taxes. This is a concentrated portfolio that will typically hold 20-25 positions. The focus of these investments is rapid earnings growth or near-term stock appreciation catalysts.

#### Equity Income

An Equity Income portfolio is designed to provide equity exposure to clients who desire above-market income generation, with moderate risk tolerance. Emphasis is placed on companies with solid dividend yields and a history of consistent dividend increases.

The portfolio typically consists of 30-35 holdings and is managed in a tax-sensitive manner. Turnover is targeted at below 20% per year.

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### Strategic Asset Allocation

A Strategic Asset Allocation portfolio is a global portfolio approach utilizing multiple asset classes strategically weighted based on valuation and on clients' personal risk/reward profile. The portfolio objective is to generate above average performance versus a global blended benchmark with lower volatility. Portfolio decisions are driven by our global macroeconomic outlook, regional considerations, and assessment of asset class valuations. The portfolio is comprised entirely of exchange traded funds ("ETFs"). Actively managed ETF allocations are considered across the following asset classes: equities (domestic/international, large/mid/small cap, growth/value); fixed income (domestic/ international, credit quality, varying maturities); and alternatives (real estate, hard assets, commodities).

### Fixed Income

Middleton's bond portfolios invest in high quality fixed income instruments. Portfolio maturity and duration will be actively managed to take advantage of the outlook for the yield curve and relative valuation opportunities. Credit quality is also monitored proactively to maintain quality parameters. United States Treasury bonds, United States government agency bonds, municipal bonds, and high-quality corporate bonds may be emphasized, depending upon relative spreads in the marketplace and a client's individual tax situation.

### ***Margin Transactions***

A margin transaction is a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount loaned to them.

### ***Alternative Investments***

Only eligible clients may participate in alternative investments in pooled investment vehicles such as private equity or hedge funds. These types of investments generally have a higher level of risk due to their concentrated nature, lack of liquidity, and other reasons. Before investing in a private fund for a client, Middleton will require the client to provide representations establishing that the client is an "accredited investor," a "qualified client" or a "qualified purchaser." Middleton will rely on the accuracy of a client's representations in making corresponding representations about the client. The client is responsible for promptly informing Middleton should its representations become inaccurate.

### ***Risk of Loss***

These investment strategies carry different levels of risk. Investing in securities involves risk of loss that a client should be prepared to bear. You may experience loss of your principal (the invested amount) and any profits that have not been realized (the securities that were not sold to "lock in" any profit). Your account may decline in value. Stock and bond markets can fluctuate substantially over any given time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. Additionally, the

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occurrence of a natural disaster or pandemic could adversely affect and severely disrupt the business operations, economies, and financial markets of many countries (even beyond the site of the natural disaster or pandemic) and could adversely affect Middleton's investment program or our ability to do business. There is a risk of loss of the assets we manage that may be out of our control. We will do our best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

### Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Middleton or the integrity of Middleton's management. Middleton and our employees have had no legal or disciplinary events and therefore have no disclosure applicable to this item.

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

Middleton Fiduciary Services, LLC ("MFS"), a wholly owned subsidiary of Middleton, is a private, non-depository trust company devoted exclusively to providing corporate trust services. MFS is not a bank, nor does it have any bank affiliation. Certain officers of Middleton, including John K. Sargent, Jr., Maria McCormack, and Alice K. Walsh, also serve as Members of MFS. MFS provides professional trust services to trusts that call for a trustee to be a corporation. MFS' services include trust administration, review of investment objectives, and oversight of the investment management of trust assets.

In 2017, MFS entered into an advisory agreement with Middleton appointing us as investment adviser for their trust clients. This arrangement creates a fiduciary obligation owed to MFS as an advisory client of Middleton. This practice presents an inherent conflict of interest because persons providing investment advice on behalf of our firm who are also members of MFS have an incentive to recommend trust services to you. Moreover, from 2017 to 2022 Middleton acquired a block of new business causing an increase in management fees. During this time period we also took into consideration the costs associated with corporate trust fees for relevant clients and adjusted our fee schedule accordingly. You are under no obligation, contractually or otherwise, to select trust services through any person affiliated with our firm.

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

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## Item 11 – Code of Ethics

### ***Description of Our Code of Ethics***

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

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

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### ***Personal Trading Practices***

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy to require pre-clearance of all Associated Persons' personal securities transactions and that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## Item 12 – Brokerage Practices

We maintain relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider as your custodian, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Currently we work with FNZ Trust/State Street Bank, National Financial Services LLC, and Charles Schwab & Co., Inc.

Such relationships may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). National Financial Services LLC generally charges you separately for custody services.

No broker-dealer is preferred over the other, rather we believe that the recommended broker-dealer provides quality execution services for our clients at competitive prices.

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Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

### ***Economic Benefits***

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our advisory responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are generally not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### ***Research and Other Soft Dollar Benefits***

We do not have any soft dollar arrangements.

### ***Brokerage for Client Referrals***

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

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### ***Client Directed Brokerage***

A client may direct Middleton to use one or more particular broker-dealers to effect transactions for the client's account(s). We are aware that our clients who have designated a particular broker-dealer have varying reasons for establishing and maintaining such relationships, and that these clients obtain varying degrees and kinds of services from their designated broker-dealers. We also understand that clients who designate broker-dealers may obtain certain services in addition to execution, clearance and settlement that are not received by clients for whom we select broker-dealers.

For directed brokerage clients, Middleton will not have authority to negotiate commissions, aggregate orders, or obtain volume discounts and, therefore, best execution may not be achieved. Additionally, brokerage charges may be different from the commission rates charged to other clients and consequently designating a specific broker-dealer may cost you more money. In a directed brokerage arrangement, the client will negotiate the terms and arrangements for the account. We will not have the ability to determine the nature and quality of the services to be obtained from such designated broker-dealers.

Our experience is that we can generally obtain lower commission rates, and may otherwise be more able to obtain best overall execution of purchase and sale orders from broker-dealers that we select than from designated broker-dealers. On the other hand, clients who use broker-dealers selected by us may incur additional costs associated with obtaining custodial services from a bank or other financial institutions.

### ***Trade Aggregation***

Middleton will aggregate client trades where possible and when advantageous to clients. Transaction costs are shared equally and on a pro-rated basis among all accounts included in any such block unless transactions costs are fixed in accordance with an individual client's broker-dealer contract. Block trading allows Middleton to execute equity trades in a more timely, efficient, and equitable manner and to seek to reduce overall commission charges to some clients. No employee trades will ever be included in any client block trades.

The following conditions must be met to allow aggregation of trades for clients:

- The aggregation must be consistent with Middleton's duty to seek best execution for our clients and is consistent with the terms of Middleton's investment advisory agreement with each client for which trades are being aggregated.
- No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for that transaction in a given security with transaction costs shared on a pro-rata basis, if applicable.
- Middleton will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

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### Item 13 – Review of Accounts

Middleton monitors your portfolio as part of an ongoing process while regular account reviews are conducted on at least an annual basis to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. Such reviews are conducted by one of Middleton's investment adviser representatives.

Middleton may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

All clients are encouraged to discuss their needs, goals, and objectives with Middleton and to keep Middleton informed of any changes thereto.

Middleton provides clients with regular or additional written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance. A client may request more frequent reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### Item 14 – Client Referrals and Other Compensation

Refer to Item 12 *Brokerage Practices* section above for disclosures on research and other benefits we may receive from various custodians in connection with utilizing their brokerage services.

As it relates to our affiliate and as discussed under Item 10 *Other Financial Industry Activities and Affiliations* above, we do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

### Item 15 – Custody

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. Your funds and securities will be held with a broker-dealer, or a qualified custodian. You will receive account statements from the qualified custodian holding your funds and securities at least quarterly.



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The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements from your custodian as well as Middleton's fee billing statements for accuracy.

If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us immediately at the telephone number on the cover page of this brochure.

MFS, our affiliate, serves as corporate trustee to certain accounts for which we provide investment advisory services. Where a Middleton employee serves as trustee for an advisory account or where MFS serves as corporate trustee for a trust account gives our firm custody over the advisory accounts for which the individual serves as trustee. These accounts will be held with a bank, broker-dealer, or other qualified custodian. When this occurs, you will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. You should carefully review account statements for accuracy. Please refer to Item 10 *Other Financial Industry Activities and Affiliations* above for more information.

Our firm, or persons associated with our firm, may affect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization or SLOAs. An adviser with authority to conduct such third-party wire transfers therefore has access to the client's assets.

Client funds and securities of which we have custody are verified by actual examination at least once during each calendar year by an independent public accountant, pursuant to a written agreement between Middleton and the accountant, at a time that is chosen by the accountant without prior notice of announcement to Middleton and that is irregular from year to year.

#### **Item 16 – Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, and the appropriate trading authorization forms.

If you enter into a discretionary arrangement, you must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.



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Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### Item 17 – Voting Client Securities

Middleton, as a fiduciary to our discretionary clients, will vote proxies for securities held in client portfolios if the client expressly wishes us to do so and indicates such in our investment advisory agreement or in writing. Non-discretionary clients may elect to delegate their proxy voting authority to Middleton. Alternatively, you may choose to receive proxies related to your own account(s). Should you desire to directly vote all proxies or in a particular situation, please contact the Chief Compliance Officer to discuss.

When Middleton has discretion to vote proxies of our clients, we will vote those proxies in the best interests of our clients and in accordance with our established policies and procedures. Middleton will vote proxies for all ERISA accounts unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To ensure that proxies are being voted in a timely manner, we have contracted with Broadridge Investor Communication Solutions, Inc. ("Broadridge"), a nationally known and independent proxy voting service firm. Broadridge provides access to public company research and voting recommendations on proxy voting ballots. All recommendations are reviewed by a member of our Proxy Committee before any vote is cast. If a conflict of interest is identified, the Proxy Committee will disclose this to the affected client so the client may have an opportunity to vote the proxies themselves.

Middleton will work to identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationships of Middleton or any of our employees to determine if there is any financial, business or personal involvement with the issuer.

If a material conflict of interest exists, the Proxy Committee will determine whether it is appropriate to disclose this conflict to the affected clients so the clients may have an opportunity to vote the proxies themselves. The Proxy Committee may also address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation.

#### ***Requests for Copies***

A copy of Middleton's Proxy Voting Policy will be furnished at the time of entering into an advisory relationship and upon request by contacting the Chief Compliance Officer. Clients may also request, in writing, information on how proxies for his/her shares were voted. Any requests from clients will be handled promptly providing any and all information to the client.

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## Item 18 – Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not require the prepayment of more than \$1200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years.

## Item 19 - Additional Information

### ***Your Privacy***

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### ***Trade Errors***

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer, and you will not keep the profit.