Item 1 – Cover Page

August 3, 2026



Informational Brochure
(ADV Parts 2A)

120 South Sixth Street, Suite 1900
Minneapolis, Minnesota 55402

This brochure provides information about the qualifications and business practices of Tealwood Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 612.340.0181 or 1.800.345.8745 or visit our website at www.tealwood.com

This brochure has not been approved by the Securities and Exchange Commission (SEC) or any other state securities authority and registration with the SEC does not imply possession of certain levels of expertise or training. Additional information regarding Tealwood Asset Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure provides prospective clients with information about Tealwood Asset Management, Inc. that should be considered before, or at the time of, obtaining our advisory services.

This brochure is required to be updated at least annually, or sooner when material changes to our business take place.

Each year we will deliver to you, by no later than April 30th, a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide a copy of the updated brochure and how to obtain it.

The summary below discusses only material changes since our last annual update of this brochure dated January 28, 2025:

- As of February 1, 2026, Tealwood added company-sponsored retirement plan consulting services to our service offerings.

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Item 4 - Tealwood Asset Management Advisory Business

Founded in 1986, Tealwood Asset Management, Inc. ("Tealwood") is an investment advisor registered with the Securities and Exchange Commission (SEC File Number 801-29095). It is incorporated under the laws of the state of Minnesota. Tealwood Asset Management, Inc. also conducts business under the names of Tealwood Asset Management and Tealwood. The principal owners of Tealwood are:



Charles Mahar



Peet Moseley



Steven Richter



John Zevnick

Tealwood provides investment management services and consultation. Our account managers conduct strategic assessments to align clients' assets with their goals, needs and purposes. This process also includes a discussion of risk tolerance, asset allocation, and any restrictions they wish to impose as to their investments. Once all these facts are gathered, the account managers suggest an appropriate strategy and discuss this in detail with clients. As fiduciaries, all our work is conducted with our clients' best interests in mind.

Descriptions of the portfolios used in this approach are as follows:

Equity Portfolios

- **Large-Cap:** Focuses on investment in companies with market capitalizations greater than $10 billion. Seeks long-term capital appreciation by investing in quality businesses at discounted prices.
- **Small- and Mid-Cap:** Invests primarily in mid- and small-cap companies with selection criteria that emphasizes: Purchasing businesses whose share price trades at a discount to its business value; realizing a meaningful intrinsic return as a business owner; and owning businesses that offer an exceptional economic model.

NOTE: We may at times allocate some capital in our Small- and Mid-Cap and Large-Cap portfolios to fixed income securities, usually, but not exclusively, in the form of convertible securities (convertible securities are a hybrid that have features of both equity and fixed income securities). This may be done to take advantage of an opportunity for the potential appreciation of a particular security, or it may be done as part of our strategy to manage portfolio risk. There is not an established minimum or maximum level within either portfolio regarding an allocation to fixed incomes securities.

Fixed Income Portfolios

- **Defensive Fixed Income:** Seeks to provide current yield and safety of principal by investing in shorter maturity bonds with solid credit metrics. Invests in both investment grade and non-investment grade securities.
- **Quality Fixed Income:** Seeks to provide current yield and safety of principal by investing in shorter maturity bonds with solid credit metrics. Invests exclusively in investment grade bonds.

  Within the Quality Fixed Income discipline, we are also able to manage to mandates for ERISA plans and Minnesota Municipal Bonds.

NOTE: Occasionally we will hold one or more equity securities in our fixed income portfolios. Usually this is as a result of a conversion of a fixed income position. We may hold these positions for an extended period if the company underlying the security continues to meet our selection criteria.

Blend of Equity and Fixed Income Portfolios

- **Strategic Income:** Invests to provide current yield and appreciation/total return. This portfolio invests in a variety of asset classes: bonds, convertible bonds, and dividend paying securities, with an emphasis on security selection. Under special circumstances, the equity portion of this strategy can be utilized as a stand-alone portfolio we call **Equity Income.**

Company-Sponsored Retirement Plan Consulting Services

Tealwood offers retirement plan advisory services to defined contribution retirement plans (the “Plan(s)”) and to the Plan’s named fiduciary (the “Plan Sponsor”). These services may include either discretionary or nondiscretionary investment advice concerning the retirement plan's investment options that are available to participants in the plan.

Investment Manager 3(38) Fiduciary Services: The Adviser shall serve as an “Investment Manager” and a “fiduciary” within the meaning of Section 3(38) of ERISA with respect to accounts in the Plan. (As a Section 3(38) fiduciary, an “Investment Manager” has discretion, authority and control of a plan’s assets. Under ERISA, a Plan Sponsor can delegate the job of selecting, monitoring and replacing plan investments to the Investment Manager, but the Plan Sponsor retains liability for the selection, monitoring and benchmarking of the Investment Manager.)

If we are engaged as an Investment Manager, we will select the investment options that are to be offered to the Plan's participants. We will also monitor the selected investment options and make changes to them as necessary. In addition, we may aid with respect to the establishment and maintenance of an investment policy statement for the Plan.

We shall be responsible for selecting the Qualified Default Investment Alternatives (“QDIA”) for the Plan as permitted under Section 404(c) of ERISA in the form of an investment fund or model portfolios that seek both long-term appreciation and capital preservation through a mix of equity and fixed income investments.

As of February 1, 2026, we had assets of $366,349,873.97 under discretionary management and no assets under non-discretionary management (see Investment Discretion Section for an explanation of this term). These dollar amounts may vary from the numbers reported directly to the SEC on Form ADV Part 1, because of the accounts that are required to be included in each calculation.

We also provide advice through consultation on accounts not under our management. This advice may be on a formal basis where suggestions are made about specific securities to buy or sell that the client will execute at their own discretion, or it may include periodic reviews of accounts initiated by the client.

We may hold educational events that address market themes, information regarding our portfolios, and/or information about specific securities held in these portfolios. These educational seminars are held at no charge or obligation to our clients or prospective clients.

Account Managers at Tealwood who provide these management services are required to have an excellent ethical character, a proven track record, along with experience and a passion for both strategic business investing and client care.

Tealwood may offer a wrap fee program through RBC.

Item 5 - Fees and Compensation for Services

Our compensation is derived from fees collected from clients for management of their accounts. Fees are charged on a percentage basis of the total account value each quarter. The total account value includes all securities held in the account along with any cash or cash equivalents and interest accrued on fixed income securities. If clients have assets held in their accounts that are not under our management, these can be excluded from the fee calculation (see below for more information regarding unsupervised assets). The fees listed below are on an annual basis, however, fees are charged one quarter at a time, payable in advance. The account is valued as of the last trading day of each calendar quarter.

We utilize and rely on Orion Advisor Services, LLC ("Orion") as our primary source of pricing the assets held in our accounts. If pricing cannot be received from Orion, we rely on the custodian's valuation for these assets.

Fees are generally deducted directly from the managed account. If clients wish, they can pay these fees directly or arrange for another type of payment - such as having their fees deducted from another account, where possible. We will attempt to accommodate such requests.

Below are the annual fees for each portfolio:

Large-Cap, Strategic Income, Equity Income and Small- and Mid-Cap:

1.0% on first $1,000,000 of market value
0.75% from $1,000,000 to $3,000,000

Defensive Fixed Income:

0.50% on the first $3,000,000 of market value for non-municipal bonds
0.30% on the first $3,000,000 of market value for municipal bonds

Quality Fixed Income:

0.50% on the first $3,000,000 of market value (fees may be subject to a discount when yields to worst are below 3%).

Quality Fixed Income - Minnesota Tax-Free

0.10% on all assets, with a minimum account size of $3,000,000
All portfolio styles are negotiable at values above $3,000,000.
In 2014, we changed our fee structure, however, existing clients' fees structure did not change. Rather, they remained as their original contract stated.

In conjunction with the management of other portfolio assets, we may agree to manage tax-exempt bonds or other non-corporate fixed income portfolios. The fees for these portfolios are negotiable, they will not be included in the group for fee breakpoints, and the minimum account size is $250,000.



Company-Sponsored Retirement Plan Consulting Services – Fees are charged quarterly in advance based on the market value of the assets on the last business day of the preceding quarter.

For All Accounts:

0.50% of all assets up to $3,000,000

The minimum account size for all portfolios is $250,000.

Accounts are aggregated together for fee purposes when a family or business relationship exists, or when the same entity has more than one account with different investment styles. Defensive Fixed Income and Quality Fixed Income accounts are not included in the group for fee breakpoints.

Either party can terminate the management agreement. If the termination is prior to the end of the billing period, we will refund the unused portion of the fee on a pro-rated basis, calculated from the time of termination.

In addition to advisory fees paid to Tealwood as explained above, clients may pay custodial service, account maintenance, transaction, and other fees associated with maintaining the account. These fees vary by broker and/or custodian. Clients should ask Tealwood for details on transaction fees or other custodial fees specific to their account, as these fees are not included in the annual advisory fee. Tealwood does not share any portion of such fees. Additionally, for any mutual funds or exchange-traded funds ("ETFs") purchased, the client may pay their proportionate share of the funds' distribution, internal management, investment advisory and administrative fees. Mutual fund companies impose internal fees and expenses on clients. Mutual funds purchased or sold in custodian accounts may generate transaction fees that would not exist if the purchase or sale were made directly with the mutual fund company. Mutual funds held in custodian accounts also charge management fees. Such fees are not shared with Tealwood and are compensation to the fund

manager. Clients are urged to read the mutual fund prospectus prior to investing.

Certain advisory fees and/or payment plans could be different from those listed above when the initial portfolio was negotiated at a different rate. Any departure from the fee schedule above via a negotiated rate prior to the signing of the service agreement must not implicitly or explicitly create a conflict of interest between the client and advisor.

At times, clients ask us to hold assets in their accounts that are not to be managed in one of our portfolios. When this occurs, we enter those assets in a category we term "Unsupervised Assets" and we will not include them in the fee calculation. Tealwood provides for this dispensation as a special accommodation for the benefit of our clients. Tealwood does not assume responsibility for performance of these assets or for decisions to buy or sell Unsupervised Assets as we would for assets held on a fee basis. Upon a client's request, we will review these assets and give an investment opinion.

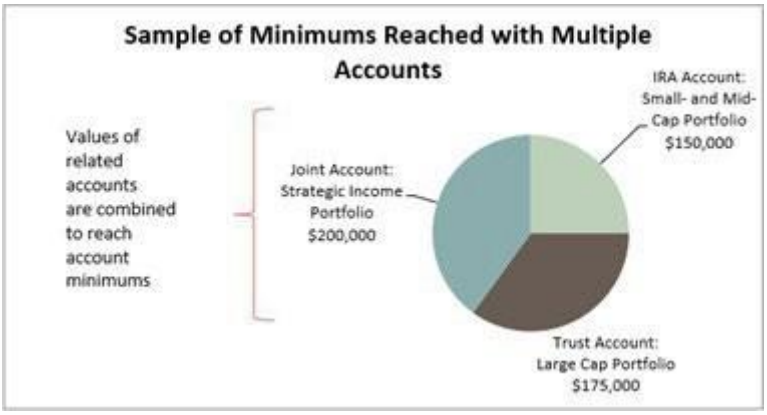
We do not receive any compensation from the sale of any investment product.
We *offer* discounted fees for the accounts of employees and their family.
Tealwood also provides fee-based advisor services for individuals, families and institutions. The fee is relative to the scale and scope of the advisory work and is billed to the client.

In addition to asset-based fee compensation, Tealwood also has the capacity to provide advisory service-based fee compensation. The fee is determined by the scope and the scale of the ongoing advisory work and is also billed on a quarterly basis, unless an alternative billing arrangement is agreed upon. The Advisory Contract is accompanied by a Letter of Engagement, detailing the services that will be provided.

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

We do not charge performance-based fees.

Item 7 - Types of Clients and Account Requirements



Tealwood primarily provides discretionary investment management services for separately managed accounts. Its clients consist of individuals, trusts, estates, corporations, and other types of businesses, charitable organizations, and

qualified plans, such as various types of individual retirement accounts, 401ks, and pension and profit-sharing plans (see Investment Discretion Section).

The minimum account size for all portfolios is $250,000.

Clients can have more than one account, such as an IRA and an individual account, with a single portfolio style, or can have multiple accounts with multiple portfolio styles. When a client has multiple accounts, these minimums can be reached by combining several accounts together. However, when fixed income securities are used as part of their strategy the account may not be under the initial value of $125,000. Note: Defensive Fixed Income and Quality Fixed Income accounts are not included in the group for fee breakpoints.

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

Tealwood's Investment Beliefs and Methods of Analysis

From our perspective, the investment industry has created a false dilemma regarding "investment style." The conventional wisdom is that one must choose between paying premium prices for high quality companies, so called "growth stocks," or that one can pay discounted prices for underachieving companies, so called "value stocks."

We put ourselves in the "value" camp, believing that valuation is critical to generating superior results. However, the notion that there is a kind of either/or, zero-sum game between growth and value makes little sense to us.

Because of these beliefs, we choose to concentrate our investments where:

- Research and discipline can make a difference;
- The market may not efficiently value certain securities; and
- Our opportunities for performance success are enhanced.

We dig deeper to discover unique opportunities. To find these opportunities our methods may include technical, fundamental, and cyclical analysis. The various information we use can be found from financial publications and other periodicals, research prepared by outside sources, corporate rating services, annual reports, prospectuses and other filings with the SEC, additional company press releases, and conversations with representatives from these companies.

Tealwood's Investment Strategies

Tealwood deploys a proven investment approach across multiple distinctive strategies that can be blended to create an effective and efficient asset allocation based on individual objectives. To achieve this, we use equities, including exchange listed, over the counter and foreign securities, U.S. government securities, corporate and municipal debt, convertible securities,

certificates of deposits, and mutual fund shares. These investments can be held either long-term (more than one year) or short-term (less than one year). We also will hold cash in our portfolios. Cash will be included in the value of the account and will be invested in a money market fund with the custodian where available. The amount of cash will vary depending on our current portfolio strategy and the client's specific direction.

Strategic Risk Management: Our proprietary research has demonstrated a significant correlation between periods of economic expansion with productive equity markets, and periods of economic contraction with unproductive equity markets. Given this significant relationship and its implications for managing for both risk and reward, our strategy incorporates adjustments to asset allocation to emphasize opportunity in expansions and to manage risk in contractions. In our view, this approach to strategic risk management, which adjusts allocation at three inflection points over cycles that last many years, is highly differentiated from a short-term market timing, and tactical methodology. We apply this three-inflection points approach without the pretense of precision, but with the conviction that it is an approach that enhances risk management.

Risks of Loss

It is important to note that investing in securities, both equities and fixed income, or other types of investments involves risk. Thus, investing might not be suitable for everyone. Each person needs to understand their ***risk tolerance*** (how much risk or volatility you can personally tolerate) and their ***risk capacity*** (how much you can withstand to financially lose in case of negative outcomes). Once these have been determined there are other risks to be aware of:

Market Risk: This risk includes market volatility, including the possibility of loss of principal. We seek to manage risk in our portfolios by using our investment strategies and utilizing an asset allocation that is appropriate for each individual client. We urge each client to have a discussion regarding their risk tolerance with their Advisor.

Liquidity and Redemption Risk on Thinly traded Securities: In some of our portfolios, there are times we own securities that can only be purchased easily in large blocks. These blocks are then broken into smaller pieces and distributed into individual accounts by the respective custodians. If a client decides to liquidate their account, these securities might be difficult to sell in the small piece that the individual owns. We will attempt to sell these securities as soon as possible for a fair market value. However, we cannot guarantee there will be a market for these securities at that time.

Interest Rate Risk: Interest rates will rise and fall over periods of time. When changes in interest rates occur, the value of the securities held in your account may be affected, both positively and negatively. However, our typical bond investment strategy is to purchase bonds with an approved yield-to-maturity (or yield-to-call) and then holding these bonds until their maturity or call date. Your yield-to-maturity will not change with the rise and fall in interest rates if you continue to hold these bonds until they mature or are called by the issuer.

Credit Risk: Credit risk involves the ability of a bond issuer to make their interest payments or the principal payments on time (if they do not do this it is known as defaulting on the bond). This risk also includes the credit quality of the issuer of the bond which could decline and affect the

value of the bond. Even though the investment committee reviews the quality of the issuer at the time the bond is purchased, internal and external factors after the purchase could affect the issuer negatively.

Artificial Intelligence and Machine Learning Risk. Certain service providers utilized by the Firm to service client accounts have artificial intelligence components. The use of artificial intelligence and machine learning includes increased risk of data inaccuracies and security vulnerabilities. Due to the rapid advancement of machine learning technologies, future risks related to artificial intelligence are unpredictable. As a measure to mitigate these risks to our clients, the Firm performs periodic due diligence of our service providers for assurance that the service providers have appropriate controls in place to protect our clients' information and to limit data inaccuracies when artificial intelligence is used by the service provider.

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 Tealwood or the integrity of our management. We have no applicable information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

We have Sub-Advisory agreements with other Registered Investment Advisors who have engaged us to manage assets for their select clients. Tealwood will invest these assets in accounts that are segregated at the designated custodians within the investment guidelines provided by these firms. The firms are responsible for ongoing suitability and the appropriateness for the continuation of management by Tealwood. Each of the firms are unaffiliated investment advisors, and separately owned and operated from Tealwood.

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

We have adopted a Code of Ethics and have implemented policies and procedures to protect clients' interests and prevent violations of federal securities laws. Due to the size of the firm, everyone has access to information that is considered sensitive. Therefore, all personnel are required to know and follow these procedures, which include:

- Protection of Clients' Material Non-Public Information. All company personnel are required to read and follow our Privacy Policy and our Identity Theft Red Flag Rules.
- Ethical Personal Trading. All company personnel and their related persons are allowed to purchase securities that are owned in client portfolios. The policy restricts company personnel from executing transactions prior to our clients' trades. However, it does allow employees to be included in block trades of bonds or thinly traded equity block trades along with client accounts on the condition that all terms are equal and there is no preferential treatment of any kind.
- All company personnel are prohibited from using material non-public information.

- All company persons shall not engage in any unlawful activities, including making any fraudulent, deceptive or misleading statements.

We expect the highest standards of ethics to be followed at Tealwood. While the points listed above are of utmost importance, they are not all-inclusive. We expect all decisions to be made in our clients' best interests.

Provided employees receive pre-clearance from the compliance officer, they may also purchase limited or private offerings that we will not recommend to clients.

Our complete Code of Ethics is available upon request.

Item 12 - Brokerage Practices

Custodian of Assets

Tealwood Asset Management is not a qualified custodian. As such, this requires our clients to appoint a qualified custodian to hold their assets. It is our policy to defer the choice of custodian usage to our clients, along with the structure of the transaction costs, (i.e., if they wish to have an account where commissions are charged by the custodian or an account where a fee is charged in lieu of commissions). These fees are normally negotiated between the client and the custodian. However, in some cases we will aid with these negotiations. Many clients use a broker/dealer as a custodian for their assets; however, another qualified custodian, such as a bank, may be used. We assume no liability with respect to custody arrangements or of any act, conduct or omission of the custodian. It is important to note that choice of custodian can limit or eliminate our ability to negotiate commissions and to otherwise obtain best price and execution.

While you are free to choose any broker-dealer, custodian, or other service provider, we recommend that you establish an account with a custodial firm with which we have an existing relationship. We currently recommend using Charles Schwab & Co., or Fidelity. Such relationships may include benefits provided to our firm, including, but not limited to research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the recommended broker-dealers, including the value of research provided, the firm’s reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

In considering which independent qualified custodian will be the best fit for Tealwood’s business model, we are evaluating the following factors, which is not an all-inclusive list:

- Financial strength
- Reputation
- Reporting capabilities
- Execution capabilities
- Pricing

- Types and quality of research
- Other factors that might be client specific.

For clients who do not direct Tealwood to a particular custodian, the following criteria are utilized in recommending custodians:

- Reasonableness of transaction cost;
- Flexibility of trading;
- Services provided by the custodian; and
- Other factors that might be client specific.

A statement of assets and a record of account transactions will be sent directly from the custodian at least quarterly. Clients should verify the assets reported by us to those held with the custodian.

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

Tealwood does not have any formal soft dollar arrangements.

Due to SEC rules, they consider us to have custody if we debit fees from client's accounts and if there are Standing Letters of Authorization to send money or securities to third parties on client's accounts. In these specific instances, the custodian and Tealwood have procedures in place to protect your assets, thus we are not required to be audited. However, in all other terms, Tealwood does not physically have custody of clients' assets, thus we are not required to be audited.

Brokers Used in Our Trading

At times, we execute trades outside of clients' custodians for reasons such as: availability of the security, pricing advantages, or for research received from the firm executing the trade. These trades are known as “prime broker” or “step-out” trades. Client trades executed through this arrangement might incur a higher cost than trades executed directly with the custodian. For clients we strive to use their custodian for all trades, however, there are times it might be advantageous to use an outside firm to execute a trade (e.g., better pricing or availability). When research is the basis for the trade, this is beneficial to all clients as the research is used to help determine the assets purchased and sold in all Tealwood portfolios. In most cases, we are not under any contractual obligations to use any specific firm.

When utilizing these firms, we work with firms that meet one or more of the following criteria:

- Research and services provided by these firms benefit a number of clients;
- The reasonableness of transaction costs;
- The availability of the security to be traded; and
- Flexibility in trading.

Directed Brokerage

At times our clients may instruct us to execute their trades only through a specific broker at their custodian. This can limit or eliminate our ability to obtain best price and execution on their trades and might result in clients not receiving the best price and/or paying higher commissions.

Other Trading Policies

Trade Aggregation

We utilize block trades, where allowed, that average the price over all the accounts in the block, even though this means individual clients could have received an execution price that is less advantageous than if purchased separately. Also, at times, we will receive partial fills on these block trades. When this occurs, the securities will be allocated as follows:

- Random accounts will be chosen each time with no one are with no one client receiving preferential treatment.
- In order to prevent there being multiple commissions charged, we complete individual account allocations instead of pro-rating the allocation across all accounts.

Portfolio Weighting

Our investment discipline involves managing the portfolio weighting of individual security positions as a percentage of the overall account. This policy can generate odd lot transactions that in rare instances impact transaction costs.

Low Volume Trading

There may be extended periods of time when accounts will trade at a low volume. For those who pay fees in lieu of commissions on their custodial account, this is an important factor to consider, as the fees might exceed what the commissions would have been for the same number of trades.

Cross Trading

We may utilize cross trades for securities that are hard to purchase or sell in the open market, i.e., small bond lots or thinly traded stocks or bonds. Cross trades will only be done through a qualified custodian's trading desk with instructions that the security is crossed at current bid/ask pricing. We do not receive any compensation for these trades.

Trade Corrections

When a trade error occurs in a client's account, we will attempt to have the custodian cancel and correct the trade to restore the account, resulting in no loss to the client. If the cancellation and subsequent correction creates a loss, we determine where the error occurred and, if the error is ours, we assume the loss. If the loss occurred at the custodian, the custodian absorbs the loss. If a gain occurs in the cancel and correction, the gain is kept by the custodian or set aside to be used for future corrections at the custodian. If we cannot cancel the trade and a loss occurs, we contact the client for settlement of the trade error.

Best Execution

Tealwood strives to obtain the best possible results when trading our clients' accounts. There are multiple areas that are involved with our process, some of which are:

- Pricing-we look for opportunities where we can get a better execution price.

- Limit Price Orders--we utilize limit orders where needed to help control price fluctuations.
- Trade Rotation-this allows that no one client is always first or last in executing their trades.
- Trade Aggregation (see above)
- Using expert brokers or market makers in the securities we are executing.

Limited or Private Offerings

Our investment management does not include limited or private offerings. We are not proactively involved in reviewing or recommending these kinds of investments to clients. We may, from time to time, assist clients with custodial arrangements for such securities.

Liquidation of Small Lots of Securities

In some of our portfolios, there are times we own securities that can only be purchased easily in large blocks. These blocks are then broken into smaller pieces and distributed into individual accounts by the respective custodians. If a client decides to liquidate their account, these securities might be difficult to sell in the small piece that the individual owns. We will attempt to sell these securities as soon as possible for a fair market value. However, we cannot guarantee there will be a market for these securities at that time.

While we endeavor to mitigate conflicts of interest inherent in the business, we cannot anticipate all conflicts which may occur. Steps we take to address conflicts of interest include:

- Proactively addressing potential conflicts through established, written policies and procedures in compliance with our fiduciary responsibilities.
- In the event no existing policy adequately addresses a conflict which arises, as appropriate, supervisory personnel and/or Tealwood's leadership team will review the conflict and determine an appropriate resolution, again in alignment with our fiduciary duty. Further, policies will be updated as needed to address the conflict going forward.
- As appropriate, disclosures regarding conflicts of interest will be included in this section of the ADV. If a conflict results in a material change to our business practices, we will either notify the clients promptly or by means of the Annual Change Notice sent to all clients in April.

Item 13 - Review of Accounts

All client accounts are typically reconciled with their respective custodians' reports monthly to verify each account's holdings. There are times when a client's statement is not produced monthly, thus it might take a longer period to reconcile. At a minimum, reconciliation will be completed on a quarterly basis. When any discrepancies are found, we will discuss these directly with the custodian.

Along with this reconciliation, our Investment Committee, listed below, reviews model portfolio holdings on a regular basis. Market conditions or news on any one specific holding trigger more frequent reviews.

A formal review of each account takes place quarterly by an Account Manager (listed below) with a formal written report reviewing performance given to the client, either in a personal

meeting or sent through the U.S. mail or electronically by email. Accounts are reviewed taking into consideration portfolio conformity and special investment instructions received by the client. The number of accounts each person reviews depends on the accounts currently overseen by the Account Manager and might vary from one time period to another.

Our Investment Committee is comprised of the following individuals:

- Charles Mahar, Chairman
- Stephen "Peet" Moseley, CEO
- Steven Richter, Chief Investment Officer
- John Zevnick, Investment Officer

Account Managers include:

- Charles Mahar, Chairman
- Stephen "Peet" Moseley, CEO
- Steven Richter, Chief Investment Officer
- John Zevnick, Investment Officer

Item 14 - Client Referrals and Other Compensation

As stated in the Financial Affiliations section previously, we have agreements where we will share fees and expenses with certain firms. We do not compensate any other parties for the referral of business. In addition, we do not receive compensation for referring clients to other professional service providers.

We receive no compensation or economic benefits outside of the fees we receive from the management of accounts.

Item 15 - Custody

Any investment advisor having custody or access to customer funds or securities must comply with certain rules and regulations designed to protect the clients' assets. Rule 206(4)-2 of the Investment Advisers Act of 1940 details strict requirements governing investment advisors that have "custody" over client securities or funds. Tealwood meets the definition of having custody due to the following circumstances:

- Direct debiting of advisory fees
- Standing Letters of Authorization

Tealwood does not have physical custody of any client funds and/or securities. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. You will receive account statements from the independent, qualified custodian holding your funds at least quarterly. The account statement from your custodian will indicate the amount of advisory fees deducted from your account(s) each billing cycle. Clients should carefully review statements received from the custodian.

Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the client's independent qualified Custodian to third parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes. We are required to keep track of the number of clients and accounts for which we may have this ability.

Item 16 - Investment Discretion

Our investment management primarily involves investing on a discretionary basis. This allows us to make and execute investment decisions on behalf of clients without obtaining a client's specific consent if it is within the client's stated investment objectives. Our Investment Management Agreement and the custodial new account forms grant us Limited Power of Attorney so we can invest with discretion. Discretionary investing includes securities selection, price, amounts to be bought or sold, where the trades will be executed, and the commission paid on the trades, if applicable.

At certain times a client might direct us to purchase or sell an asset and we follow the client's directive. If a client wishes to hold securities in their account that do not meet our investment objectives for the portfolio chosen, we usually ask that these securities be placed in their account as an unsupervised asset. In this event, we do not assume responsibility for the performance of unsupervised assets or their coverage as we would for assets held on a fee basis. We do not charge fees on unsupervised assets. It is the client's responsibility to decide whether unsupervised assets should continue to be held or when these securities should be sold. Upon request, we review unsupervised assets and provide an investment opinion.

Item 17 - Voting Client Securities

Tealwood has a Proxy Voting Policy where, generally, we endeavor to vote the proxies for all the securities held in clients' accounts, whether we bought the security. With certain agreements and client notification, however, the Firm may not vote proxies. It is always a client's right to vote their own proxies. If a client wishes to vote their proxies, or change how their proxies are voted, they must notify us.

The investment committee researches the companies we hold, including how the management governs the companies we invest in. If we feel the management is no longer governing the company as we feel is appropriate, we will mostly likely sell the shares owned. Because of that, we most often will vote with management on the proxies. We have contracted with ProxyEdge® to automatically vote for the proxies with the management recommendations. Although very rare, if for some reason we choose not to vote with management, we can vote the proxy ourselves. We will keep files holding all the related material.

All clients have a right to view our complete Proxy Voting Policy and how we voted the proxies for the securities held in their account. This information is provided to clients upon request.

Item 18 - Financial Information

As registered investment advisers, we are required to provide clients with certain financial information or disclosures about our financial condition. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients. In addition, we do not require, nor solicit, $1,200 or more, six or more months in advance.

Other Disclosures and Notices

Tax Information Reported by Tealwood

We attempt to provide clients the best information regarding their tax liabilities regarding their holdings and various types of accounts. We are, however, not tax experts and we recommend clients review their tax situation with their professional tax advisor.

We also recommend clients use their custodian's 1099 when preparing their taxes and not Tealwood's reports as the custodians have the obligation, by law, to be current on all tax reporting requirements.

Class Action Lawsuits

Some of the holdings purchased in client accounts might become involved in class action lawsuits. We have entered into an agreement with Chicago Clearing Corporation authorizing them to take any action it deems advisable to prepare, file, accept and process securities claims, distributions resulting from the claims, government filings, and any required supporting documentation with the Claims Administrator on your behalf. If you wish to opt-out of this provision, please let us know.

Gifts and Entertainment

We may choose at our own discretion to help pay for client events sponsored by the custodian or their agent. We have adopted a Gift and Entertainment Policy that covers the amounts that may be given.

Receipt of Funds

Because we are not a custodian, we cannot receive checks made payable to Tealwood that are intended to be deposited in clients' accounts. Checks sent to Tealwood must be made payable to their custodian. Checks payable to us or the clients without an endorsement to the custodian will be returned to clients with instructions on whom to make the check payable to and where to send it directly. The only time we can accept checks payable to Tealwood is when these checks are for payment of our management fees.

Receipt of Security Certificates

Again, as we are not a custodian, we cannot handle stocks, bonds, or other kinds of certificates for clients. When we receive certificates, we will return them to the sender. We will help facilitate depositing certificates into clients' custodial accounts.


TEALWOOD
ASSET MANAGEMENT