Item 1 – Cover Page

Nestlerode & Loy, Inc.

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www.nestlerode.com

11/30/2021

This Disclosure Brochure ("Brochure") provides information about the qualifications and business practices of Nestlerode & Loy, Inc. If you have any questions about the contents of this Brochure, please contact us at 814-238-6249 and/or via email to banderson@nestlerode.com. 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.

Nestlerode & Loy, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Nestlerode & Loy, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov .

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 11/30/2021 is a revised edition of a new document prepared according to the SEC's requirements and rules.

The date of our last update of our brochure was 11/30/2020. There are no material changes included in this iteration of our ADV.

Please note that other changes were made to this Brochure, which are not discussed in this summary. Consequently, we encourage you to read the Brochure in its entirety.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year which is September 30th. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

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Item 4 – Advisory Business

Nestlerode & Loy, Inc, formerly Nestlerode & Co., Inc. has been in business since August 1937. The principal owners of the firm are Daniel J. Nestlerode and Judy L. Loy, CEO. Judy Loy is purchasing the remainder of Daniel Nestlerode's common shares over the next four (4) years per a shareholder agreement. Nestlerode & Loy, Inc. provides continuous investment advisory supervision, determining the amount, type and specific investments to buy or sell and completing the appropriate transactions in each advisory account with full investment discretion.

Within our general investment objectives, we further tailor individual accounts as required by our clients. For example, we have clients who restrict investment in tobacco firms, firms that make or distribute alcohol, and firms that produce weapons or weapon systems. Additionally, we tailor our investment portfolios to meet the requirements of non-profit institutions' policies for diversification and or investment restrictions. We offer ESG portfolios for clients through ETF and mutual funds. Tailoring is done on an individual portfolio basis.

As part of our Investment Advisory services, we work with clients to do an overall financial plan, which includes but is not limited to:

Social Security Planning, MoneyGuide Pro plans, Retirement Contributions, Retirement Distribution planning, Charitable Gifts and Debt Management.

Wrap fee programs: None

The amount of client assets managed on a discretionary basis totaled $167,345,880 as of 11/30/2021.

Nestlerode & Loy, Inc. provides discretionary investment advisory services on a fee basis as described below and provides investment consultation (non-continuous investment advice and planning) upon request at the rate of $250.00 per hour. Fee is billed monthly until completion of the consultation. The minimum consultation fee is $500.00. This fee may be reduced due to individual circumstances and work being delegated to salaried staff.

Item 5 – Fees and Compensation

The specific way fees are charged by Nestlerode & Loy, Inc. is established in a client's written agreement with Nestlerode & Loy, Inc. The advisor will generally bill its management fees on a quarterly basis (three-month intervals, not necessarily at the end of calendar quarters) based on the market value of each account on the third Friday of the appropriate month.

Individuals may have multiple accounts. Each account will be charged according to its individual investment objective (IO). Fees may be discounted at the discretion of the Advisor.

An account will consist of equities and/or a combination of equities and fixed income to achieve the total return expectation and risk tolerance of the client by investing in multiple asset classes (ie. large, mid, small cap stocks, investment grade, high yield and foreign stocks) and various investment styles (including but not limited to aggressive growth, growth, growth & income, aggressive income and asset allocation.)

Annual fee schedule (post 8/2011):

Under $500,000	1.5% of assets under management
$500,000 - $2,000,000	1.0% of assets over $500,000
$2,000,000 - $5,000,000	0.75% of assets over $2,000,000
Over $5,000,000	0.60% of assets over $5,000,000

Please Note: Cash Positions: At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Nestlerode & Loy, Inc. maintains cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the advisory fee. Nestlerode & Loy, Inc.'s Chief Compliance Officer, Jody Sharer, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.
Nestlerode & Loy, Inc. has limited custody solely as a result of receiving fees directly deducted from client's funds or securities because Nestlerode & Loy, Inc. possesses written authorization from the client to deduct advisory fees from an account held by a qualified custodian; sends the qualified custodian written notice of the amount of the fee to be deducted from the client's account and; sends the client a written invoice itemizing the fee, including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee is based.

Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter.

Nestlerode & Loy, Inc.'s fees are exclusive of 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a funds' prospectus. Any 12b-1 paid to the firm in a managed account is refunded to the client by RBC. First run fixed income offerings may also pay an additional markup which is disclosed on the trade confirmation. No advisor is paid on markup or ticket charges. Such charges, fees and commissions are exclusive of and in addition to Nestlerode & Loy, Inc.'s Advisory fees.

RBC charges an annual fee of $50 per non-retirement account who opt for paper statements, confirms, etc. <u>and an annual fee of $35 per retirement account under $150,000</u>. RBC also charges a postage charge on each non-mutual fund trade of $3.

No fees are payable in advance. New clients may cancel the advisory account within five business days without penalty. Fees are negotiable in certain instances as determined by the advisor and agreed to in writing by the advisory client. Clients may terminate their agreement with Nestlerode & Loy, Inc. with written notice at any time. A <u>pro-rated</u>, closing management fee does apply if the account(s) have been open longer than a five-business day period.

Item 12 further describes the factors that Nestlerode & Loy, Inc. considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Nestlerode & Loy, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Nestlerode & Loy, Inc. provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments and municipalities and trust programs.

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

Holding wealth in any form, including cash and government bonds involves the risk of potential loss of value and or purchasing power. Anyone or any organization accumulating wealth in any form cannot avoid the possibility of the risk of loss and should understand that there are a number of risks associated with savings and investment. Risk cannot be totally avoided and must be managed in any investment management operation.

Nestlerode & Loy, Inc. does not adhere to and has not adopted any singular method of portfolio management. Indeed, it is our opinion that no singular portfolio strategy is successful in all market environments. Eventually every portfolio management system, no matter how well grounded in historic facts, will fail as unanticipated economic and investment circumstances arise. To this end, Nestlerode & Loy, Inc. practices what we call the "Pay Attention" strategy to portfolio management. With sophisticated portfolio management software that is updated daily, we watch the performance of all our clients' portfolios and take note when this performance strays from the expected results. Watching for the exceptions allows us to correct for errors in our notions about the future value of our clients' holdings.

As such, attention is paid to the prices of the securities in all our accounts. This is sometimes called technical analysis or the analysis of price movements of the securities we hold in client accounts. The bottom line is that our investment performance is totally dependent on the price performance of the securities held in our client accounts. To assist us with these efforts we use the TRX: Total Rebalance Expert portfolio management system called PowerAdvisor, Thomson One quote and charting computer systems, CircleBlack, MarketSmith Charting, RiskAlyze as well as references from RBC's technical analysis.

We use fundamental analysis of the economy, investment markets and individual securities using such sources as RBC Capital Markets, Argus, Credit Suisse, Investor's Business Daily, Wall Street Journal, Value Line Investment Survey, Morningstar and Barron's.

We do not frequently trade securities as such costs are contrary to good portfolio performance. However, we will quickly sell securities that decline sharply to avoid adopting large permanent losses.

The securities that we place in our clients' accounts are priced daily and are generally quite liquid, allowing us to reduce or eliminate positions quickly. We do not buy non-publicly traded securities and do not recommend them. The ability to price securities daily and sell at any time reduces the risk of loss to the client. We do not recommend any securities in which Nestlerode & Loy's officers, owners or directors have any vested controlling interest. We generally do not use margin accounts to buy securities as it increases the risk of loss for the client. We typically buy stocks, bonds, municipal bonds, no-load mutual funds, exchange traded funds and notes, publicly traded real estate investment trusts, government bonds and certificates of deposit.

All securities fluctuate in price in the markets and as such may be worth more or less than was committed to them at purchase. Cash and currencies are subject to changes in value as inflation reduces purchasing power and currency traders make various currencies fluctuate in relation to other currencies.

In our estimation, there is no substitute to continually Paying Attention to the markets, the economy and the performance of our clients' accounts to reduce the risk of an unacceptable outcome. We do not use complicated schemes or securities to achieve our ends and seek to minimize counter party risk wherever possible. We do not generally rely on outside portfolio management, except where we might utilize a no-load mutual fund, ETF, or ETN to achieve a specific investment position. We monitor these outside managed funds as we would individual securities.

Risk of Loss

All investing and trading activities risk the loss of capital. Although we will attempt to moderate these risks, no assurance can be given that the investment activities of an account we advise will achieve the investment objectives of such account or avoid losses. Direct and indirect investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. It is important that you understand the risks associated with investing in the types of investments and strategies listed above.

Except as may otherwise be provided by law, we are not liable to clients for:

- Any loss that you may suffer by reason of any investment decision made or other action taken or omitted by us in good faith;
- Any loss arising from our adherence to your instructions or the disregard of our recommendations made to you; or
- Any act or failure to act by a custodian or other third party to your account.

The informa tion included in this Brochure does not include every potential risk associated with an investment strategy, technique or type of security applicable to a particular client account. You are encouraged to ask questions regarding risks applicable to a particular strategy or investment product and read all product-specific risk disclosures. It is your responsibility to give us complete information and to notify us of any changes in financial circumstances or goals.

There are certain additional risks associated when investing in securities; including, but not limited to:

- Market Risk: Either the stock market as a whole, or the value of an individual company or fund, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Legal and Regulatory Risks: The regulation of the U.S. and non-U.S. securities and futures markets has undergone substantial change in recent years and such change may continue. In particular, in light of the recent market turmoil there have been numerous

proposals, including bills that have been introduced in the U.S. Congress, for substantial revisions to the regulation of financial institutions generally. Some of the additional regulation includes requirements that private fund managers register as investment advisers under the Advisers Act and disclose various information to regulators about the positions, counterparties and other exposures of the private funds managed by such managers. Further, the practice of short selling has been the subject of numerous temporary restrictions, and similar restrictions may be promulgated at any time. Such restrictions may adversely affect the returns of Underlying Investment Funds that utilize short selling. The effect of such regulatory change on the accounts and/or the underlying investment funds, while impossible to predict, could be substantial and adverse.

- Inflation Risk: When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation. The Firm's portfolios face inflation risk, which results from the variation in the value of cash flows from a financial instrument due to inflation, as measured in terms of purchasing power.
- Market or Interest Rate Risk: The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Firm holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Firm portfolios' performance. However, if the Firm determines to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss.

- Market Volatility: The profitability of the portfolios substantially depends upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

- Material Non-Public Information: By reason of their responsibilities in connection with other activities of the Firm and/or its principals or employees, certain principals or employees of the Firm and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Firm will not be free to act upon any such information. Due to these restrictions, the Firm may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

- Accuracy of Public Information: The Firm selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Firm is not in a position to confirm the completeness, genuineness, or accuracy of such information and data. In some cases, complete and accurate information is not available.

Trading Limitations: For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the account to loss. Also, such a suspension could render it impossible for the Firm to liquidate positions and thereby expose the Client account to potential losses.

• Recommendation of Particular Types of Securities: In some cases, the Firm recommends mutual funds. There are several risks involved with these funds. These funds have portfolio managers that trade the fund's investments in agreement with the fund's objective and in line with the fund prospectus. While these investments generally provide diversification there are some risks involved especially if the fund is concentrated in a particular sector of the market, uses leverage, or concentrates in a certain type of security (i.e., foreign equities). The returns on mutual funds can be reduced by the costs to manage the funds and the shares rise and fall in value according to the supply and demand. Open end funds may have a diluted effect on other investors' interest due to the structure of the fund while closed end funds have limited shares which rise and fall in value according to supply and demand in the market. In addition, closed end funds are priced daily and as a result they may trade differently than the daily net asset value (NAV).

• Firm's Investment Activities: The Firm's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Firm. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The markets may be volatile, which may adversely affect the ability of the Firm to realize profits on behalf of its Clients. As a result of the nature of the Firm's investing activities, it is possible that the Firm's results may fluctuate substantially from period to period.

• Equity (Stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

• Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Risks Associated with Fixed Income: When investing in fixed income instruments such as bonds or notes, the issuer may default on the bond and be unable to make payments. Further, interest rates may increase and the principal value of your investment may decrease. Individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power.

- ETF and Mutual Fund Risk: When investing in an Exchange-Traded Fund (ETF) or mutual fund, a client will bear additional expenses based on the client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may incur brokerage costs when purchasing or selling ETFs.

- Options Risk: Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

- Liquidity Risk: Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e., not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

- Management Risk: Your investments will vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If you implement our financial planning recommendations and our investment strategies do not produce the expected results, you may not achieve your objectives.

- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to bonds.

- Call Risk: Bonds that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized.

- Credit Risk: The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment.

- Speculation Risk: The securities markets are populated by traders whose primary interest is in making short-term profits by speculating whether the price of a security will go up or go down. The speculative actions of these traders may increase market volatility that could drive down the prices of securities.

- Geopolitical Risk: The risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- Foreign Market Risk: The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. The limited liquidity of some foreign markets may affect our ability to acquire or dispose of securities at a price and time it believes is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.

- Counterparty and Broker Credit Risk: Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.

- Leverage Risk: Nestlerode and Loy, Inc. does employ leverage in the implementation of its investment strategies. In addition, some ETFs and CEFs also employ leverage. Leverage increases returns to investors if the investment strategy earns a greater return on leveraged investments than the strategy's cost of such leverage. Although it is not Nestlerode and Loy, Inc.'s strategy to incur margin, Nestlerode and Loy, Inc. will do so when directed by a client; however, the use of leverage exposes investors to additional levels of risk and loss that could be substantial.

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 Nestlerode & Loy, Inc. or the integrity of Nestlerode & Loy, Inc.'s management. Nestlerode & Loy, Inc. has no disciplinary events or outstanding legal items for the firm or its associates.

Item 10 – Other Financial Industry Activities and Affiliations

Daniel J. Nestlerode is a Registered Investment Advisor and is acting as a securities broker/dealer providing securities transactions on a commission, fee or markup or markdown basis. At the present time, Mr. Nestlerode spends approximately 1 hour a week in these activities and 7 hours a week managing portfolios and dealing with investment management clients.

Judy Lynne Loy is a Registered Investment Advisor and is the Chief Executive Officer/President and actively manages portfolios. She currently spends twenty percent of her time managing the company and eighty percent of her time managing portfolios and dealing with clients. Judy Loy holds a PA Insurance license for Variable Annuities & Life Insurance through Nestlerode & Loy, Inc. to assist her clients. The receipt of additional compensation creates a conflict of interest because it provides an incentive to recommend investment products based on the compensation tied to those products. Investment advisor representatives of the firm endeavor always to act in your best interest and to only recommend investments that are suitable for you. We have policies and procedures in place to monitor all client transactions.

Item 11 – Code of Ethics

Nestlerode & Loy, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Nestlerode & Loy, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Nestlerode & Loy, Inc. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Nestlerode & Loy, Inc. has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the firm, its affiliates and/or clients, directly or indirectly, have a position of interest. Nestlerode & Loy, Inc.'s employees and persons associated with the corporation are required to follow Nestlerode & Loy, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Nestlerode & Loy, Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the firm's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Nestlerode & Loy, Inc. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Nestlerode & Loy, Inc.'s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading near client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Nestlerode & Loy, Inc. and its clients.

Related persons to the applicant invest for their own account and benefit. Related persons do not enter into direct transactions in securities with investment advisory clients, although related persons may buy or sell the same securities in which the investment advisory clients also have an interest. Related persons may not make any transactions in any securities that would in any way compromise the advisory client in which the related person has an interest other than that as a non-controlling minority shareholder. Nestlerode & Loy, Inc. maintains full records on all related person transactions and reviews the same periodically for insider trading and conflicts of interest.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Nestlerode & Loy, Inc.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Nestlerode & Loy, Inc. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Nestlerode & Loy, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jody Sharer, Chief Compliance Officer at jsharer@nestlerode.com or 814-238-6249.

It is Nestlerode & Loy, Inc.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts in equity securities. Nestlerode & Loy, Inc. will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Trading Practices

Nestlerode & Loy, Inc. suggests, but doesn't require, that the clients retain Nestlerode & Loy, Inc. as the broker for the client account. If Nestlerode & Loy, Inc. is the broker, then the firm has the authority to determine the trading costs paid by clients for securities transactions. Trading costs charged advisory clients are generally higher than those charged by traditional brokerage firms. This is due to costs from RBC, the manual entry of trades, manual rebalancing and the relatively small size of the local advisory/brokerage firm. Mutual fund transactions are done at no cost and non-mutual funds are charged $19.95 a transaction

Clients are free to select another broker dealer of their choice. Investment Management maintains a fee schedule that is lower than many brokers and higher than others for the same or similar services. Nestlerode & Loy, Inc. as an investment advisor does not suggest or recommend other brokers to investment advisory clients.

Nestlerode & Loy, Inc. does not engage in what is called soft money purchasing of investment research by directing brokerage transaction fees on managed accounts to brokerage firms providing investment research. Research deemed worthy is bought outright for cash from the issuing firm. Usually Nestlerode & Loy, Inc. avoids brokerage firms' research, as we believe it is tainted as most brokerage firms have numerous conflicts of interest regarding such research and the firms they are reviewing.

Item 13 – Review of Accounts

Accounts are reviewed quarterly with written reports provided to all investment management clients. Each client receives a monthly brokerage statement, if qualifying activity occurs in the account, from the broker maintaining custody of the account, typically our clearing firm, RBC CS, detailing all transactions within the account and a market valuation calculation of the account. Each client receives a quarterly brokerage statement regardless of activity in the account. Quarterly written reports from the IA include a complete summary of each account called a "portfolio status report", graphs depicting the performance of the account over time and fees charged to each account. Daniel J. Nestlerode and Judy L. Loy are the reviewers for advisory accounts.

Nestlerode & Loy, Inc. provides each investment advisory client with a written report as of the end of each calendar quarter. Reports are usually distributed within 40 days of the end of the quarter. Clients have the option to receive the reports via email. These reports include a "portfolio status report" created through the PowerAdvisor Software System, which includes the history of each investment (purchase date, total cost, number of shares, and the name of the investment), the current market valuation (market price per unit, value of the holding and a calculation showing the gain or loss from the purchase cost), the percentage each holding is of the entire portfolio and the estimated annual income generated by each investment. Totals are provided for each appropriate column. In addition, graphs depicting the market value of the account over time and the relative performance of the account versus a money market fund and the stock market (as measured by Value Line Geometric Stock Index and the Standard & Poor's 500 stock average) are provided. In addition, a letter or newsletter, written and edited by Judy L. Loy and Brian L. Anderson and thoroughly reviewed by Jody Sharer, CCO, is usually provided.

Item 14 – Client Referrals and Other Compensation

Nestlerode & Loy, Inc. does not compensate anyone for providing investment advice nor compensates any person for client referrals, except for nominal gifts to clients to thank them for referring new clients.

Item 15 – Custody

Clients should receive at least quarterly statements from RBC Correspondent Services who is the qualified custodian that holds and maintains client's investment assets. Nestlerode & Loy, Inc. urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Nestlerode & Loy, Inc. receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Nestlerode & Loy, Inc. observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to the firm in writing.

Daniel J. Nestlerode and Judy L. Loy have the authority to effect transactions in investment management accounts with respect to the securities and the amount of the securities being transacted. These transactions are guided by the investment objectives of the client and the type of account (IO) the client has with the advisor. The advisor is restricted to marketable securities that are generally traded and priced each day the market is open. Advisors may not buy options, puts, calls, limited partnerships, commodities, futures, and the like. Advisors are limited generally to purchasing stocks, bonds (government, corporate and municipal), mutual funds, exchange traded REITs, foreign stocks, bonds, exchange traded funds and notes and publicly-traded master limited partnerships (MLPs).

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Nestlerode & Loy, Inc. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Nestlerode & Loy, Inc. may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Nestlerode & Loy, Inc.'s financial condition. Nestlerode & Loy, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

In April 2020, the firm applied for and received a Paycheck Protection Program Loan. Based on the uncertainty in our economic environment, our CPA suggested we obtain the loan; however, we paid back the Paycheck Protection Program loan in full, with interest, without any request for forgiveness on June 30, 2020.