Pettee Investors, Inc.

Part 2A of Form ADV: Firm Brochure

ITEM 1 – COVER PAGE

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This disclosure brochure provides clients with information about the qualifications and business practices of Pettee Investors, Inc., an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Pettee Investors, Inc. provides, as well as, background information on those individuals who provide investment advisory services on behalf of Pettee Investors, Inc. Please contact Sheila Peck Pettee, President and Chief Compliance Officer of Pettee Investors, Inc., at 203-957-8880 or sppettee@petteeinvestors.com if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Pettee Investors, Inc. or any individual providing investment advisory services on behalf of Pettee Investors, Inc. possesses a certain level of skill or training. Additional information about Pettee Investors, Inc. is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Pettee Investors, Inc. is 105553.

ITEM 2 - MATERIAL CHANGES

This item discusses specific material changes to the Pettee Investors, Inc. brochure.

Pursuant to current SEC Rules, Pettee Investors, Inc. will ensure that clients receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of the firm's fiscal year which occurs at the end of the calendar year. Pettee Investors, Inc. may further provide other ongoing disclosure information about material changes as necessary.

Pettee Investors, Inc. will also provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

As of the date of its last annual filing (February 22, 2023), there have been no material changes to this brochure.

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ITEM 4 - ADVISORY BUSINESS

Our Company

At Pettee Investors, Inc., our core business is managing assets. Based in Rowayton, Connecticut, Pettee Investors, Inc. is an independent, privately-held Connecticut corporation that has been an SEC-registered investment adviser since 1989. Throughout this written disclosure brochure, the company is referred to as “Pettee Investors”.

The sole owner of Pettee Investors is Sheila Peck Pettee, CFA.

Our Services

Pettee Investors provides clients with the advantages of personal investment management services on an individual basis. When you are a client of Pettee Investors, you are working with Sheila Pettee, CFA, Timothy Pettee or Alexander “Alex” Pettee, CFA of the firm who are responsible for all investment decisions made for accounts.

Pettee Investors will manage advisory accounts on either a discretionary or non-discretionary basis. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. For example, if a client wishes a particular security bought or sold, Pettee Investors may do so. Similarly, clients can advise Pettee Investors of particular investment restrictions to which the firm will adhere.

For accounts managed on a discretionary basis, Pettee Investors is allowed to make transactions in that account without prior client approval. This allows Pettee Investors to act quickly as circumstances dictate, though still adhering to clients’ investment objectives, risk tolerances and account restrictions. For accounts managed on a non-discretionary basis, Pettee Investors would not purchase or sell securities without the client’s prior consent.

Pettee Investors remains in close contact with clients in order to be fully aware of their financial situation, objectives and needs. The more Pettee Investors knows about the individual circumstances and financial requirements of the client, the better Pettee Investors can help the client reach their investment objectives.

Pettee Investors also believes that regular contact, in person, by phone, mail or email is critical to maintaining a strong on-going relationship. Pettee Investors believes that clients are entitled to know what is being done with their money and why.

Pettee Investors can discuss individual portfolios with clients at any time, since each portfolio is constantly reviewed. Pettee Investors’ method is to have in mind all portfolios at all times and to make purchase and sales for each particular client as deemed prudent.

Our Assets Under Management

As of December 31, 2023, the total amount of client assets managed by Pettee Investors is approximately $232,326,869, all of which are managed on a discretionary basis.

ITEM 5 - FEES AND COMPENSATION

The annual fee for Investment Management Services is charged as a percentage of assets under management and will not exceed 1.00% of the value of the client's account. Clients will be billed quarterly in arrears based upon the market value of assets in the client's account at the end of the quarter. Market value will be determined by an independent third-party pricing service or the custodian.

For the initial calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the advisory agreement was effective. Fees are earned as of the commencement of the investment advisory agreement and are prorated when assets were not managed for the entire quarter.

Details of the investment management fee charged are more fully described in the advisory agreement entered into with each client. At the option of the client, fees may be paid directly by the client or Pettee Investors can bill the custodian so the fee is paid directly from the client's account.

Important Additional Fee Information

Fee Only

Pettee Investors is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance products or any other investment product).

Fees Negotiable

Pettee Investors retains the right to modify fees in its sole and absolute discretion, on a client-by-client basis based on the size, complexity and nature of the advisory services provided. In addition, family accounts and accounts controlled by the same client are often combined for the purpose of computing the fee.

Direct Debiting of Client Accounts

In order for Pettee Investors' advisory fees to be directly debited from a client's account, the client must provide written authorization permitting Pettee Investors to bill the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to Pettee Investors. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

Termination of Client Relationship

The investment advisory contract is ongoing and does not have a fixed term. The relationship can be terminated be either party at any time simply by notifying the other party in writing. Because fees are paid in arrears, no refund will be due; however, the client will owe the pro rata share of any fees due.

Mutual Fund Fees

All fees paid to Pettee Investors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

In order to minimize conflict of interest, for individual accounts that Pettee Investors manages, Pettee Investors will not charge an advisory fee on clients' assets that are invested in ETFs wherein Hoya Capital Real Estate, LLC also serves as advisor. Hoya Capital Real Estate, LLC and Pettee Investors have adopted written policies and procedures that are designed to minimize potential conflicts.

To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus.

Accordingly, the client should review both the fees charged by the funds and the fees charged by Pettee Investors to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Trading and Other Costs

All fees paid to Pettee Investors for investment advisory services are separate and distinct from transaction fees charged by broker-dealers associated with the purchase and sale of equity securities, preferred stock and debt securities. In addition, fees do not include the services of any co-fiduciaries, accountants, broker-dealers, custodians or attorneys. Please see the section entitled "Brokerage Practices" in Item 12 of this disclosure brochure for additional information on brokerage and other transaction costs.

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 each.

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.

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 70.5.

6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. 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.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Pettee Investors does not accept performance-based fees (e.g., fees based on a share of capital gains or capital appreciation of the assets in a client's account).

ITEM 7 - TYPES OF CLIENTS

Pettee Investors provides investment management services to individuals, trusts, estates, 401k and IRA plans, foundations and institutional clients. Pettee Investors does not restrict the type or nature of client it accepts, although the firm does have the right not to accept a particular client.

Engaging the Services of Pettee Investors

All clients wishing to engage Pettee Investors for investment advisory services must sign an investment management agreement that governs the relationship with Pettee Investors. The investment management agreement is written in plain English and describes the services and responsibilities of Pettee Investors to the client. It also outlines Pettee Investors' fee in detail. A SEC brochure, GIPS Compliant Performance Presentations with notes and a privacy policy will also be provided.

In addition to completing Pettee Investors' internal documents (e.g., investment management agreement, client questionnaire), clients must complete certain broker-dealer/custodial documentation. Upon completion of these documents, Pettee Investors will be considered engaged by the client. A client has an ongoing responsibility for ensuring that Pettee Investors is informed in a timely manner of changes in the client's investment objectives and risk tolerance.

Conditions for Managing Accounts

Clients are required to have a minimum account size of $1,000,000 for investment management services, although Pettee Investors retains the right to reduce or waive this minimum account size. Accounts of less than $1,000,000 may be set up when the client and Pettee Investors anticipates that the client will add additional funds to the accounts bringing the total to $1,000,000 within a reasonable time. Other exceptions will apply to related accounts of existing clients.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Investment Approach

Pettee Investors believes that the most important factors in making recommendations or structuring a portfolio are the expressed investment objectives of the client. Pettee Investors does not believe, however, that investment objectives should be expressed in simple terms such as attempting to achieve maximum growth or maximum safety of capital. There is a wide range of risk-reward ratios between these two extremes, and each client should, with the help of Pettee Investors, attempt to choose an appropriate objective. Pettee Investors, Inc. has three investment strategies, one that is primarily large capitalization equity, another that is primarily medium sized companies and a third strategy that is primarily equity REITs or Real Estate Investment Trusts. In addition, a client's portfolio may consist of some preferred stock or debt securities for additional income and/or exchange traded funds for additional diversification.

Pettee Investors does not attempt to outguess short term fluctuations in the market or economic conditions by frequent changes between equity holdings and cash. This does not mean that Pettee Investors will not shift from equities to more defensive securities if Pettee Investors perceives substantial risk of loss or lack of appreciation opportunities in some equity securities. Nor does it mean that Pettee Investors will not follow a client's expressed wishes that all or a portion of their portfolio be invested, at all times or from time to time, in securities selected for relatively low risk and high yield.

The types of securities Pettee Investors typically invests in consists of common stocks, preferred stocks and debt securities. Money market funds, other mutual funds or exchange traded funds (ETFs) may be purchased. Usually, transactions are cash transactions not involving margin, leverage, arbitrage, short sales, loans of securities or the writing or purchase of put or call options.

The strategy of Pettee Investors for the large and medium capitalization equity products is to invest in growth companies that are undervalued in the marketplace based on valuation metrics. Pettee Investors focuses on changes that are occurring within a company that will cause earnings growth to continue or accelerate over time. Client portfolios are broadly diversified over many industry groups and individual securities. Investment decisions typically have a one to three-year time horizon so portfolio turnover is relatively low.

The REIT strategy is designed to offer clients commercial real estate exposure by investing in a portfolio of publicly traded equity REITs. Based on the client's investment objectives, risk tolerance and time horizons, among other considerations, this strategy may use the following investment objectives:

Growth objective. Investments will typically include real estate firms that are more levered to economic growth with higher total return potential. Based on past trends, these portfolios could be expected to outperform during periods of accelerating economic growth but could be expected to underperform if economic growth disappoints. Highest risk tolerance and generally suited for investors with the longest time horizon.

Balanced Objective. Investments will typically include a balanced blend of companies that, based on past trends, could be expected to perform roughly in-line with broad real estate market indexes from a risk and return standpoint. Provide for preservation of capital with an equal emphasis on income generation and long term growth. To provide results without undue exposure to risk and managed to achieve the most favorable after tax return. Medium degree of risk tolerance and suited for investors with both long or short term horizon.

Income Objective. Investments will typically include real estate firms that pay higher dividends and have a more stable and predictable outlook that could be less impacted by economic conditions. These portfolios could generally be expected to outperform during periods of economic volatility, but may be negatively impacted by a rise in market interest rates. Low degree of risk tolerance and suited for investors with a shorter time horizon.

Investment ideas are generated from a multitude of sources including meetings with company management, conference calls, company reports, brokerage firms, trade journals and business publications. Pettee Investors believes that fundamental analysis is the most important factor in selecting securities, however, “technical” or “chart” analysis is also considered.

B. Risk

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security’s price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability. Depending upon the client need and investment mandate, Pettee Investors will attempt to thoroughly explain the applicable risks.

Risks Associated with Specific Securities Utilized

<u>Common Stocks</u>

The major risks associated with investing in common stocks relate to the issuer’s capitalization, quality of the issuer’s management, quality and cost of the issuer’s services, the issuer’s ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk and the issuer’s ability to create shareholder value (i.e., increase the value of the company’s stock price).

<u>Preferred Stocks</u>

Preferred stock dividends are generally fixed in advance. Unlike requirements to pay interest on certain types of debt securities, the company that issues preferred stock may not be required to pay a dividend and may stop paying the dividend at any time. Preferred stock may also be subject to mandatory redemption provisions and an issuer may repurchase these securities at prices that are below the price at which they were purchased by the investor. Under these circumstances, a client account holding such preferred securities could lose money.

Fixed-Income Securities

Different forms of fixed-income instruments, such as bonds, money market funds, and certificates of deposit may be affected by various forms of risk, including:

- *Interest Rate Risk*. The risk that the value of the fixed-income holding will decrease because of an increase in interest rates.
- *Liquidity Risk*. The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed-income securities are generally liquid (*e.g.*, corporate bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also the risk of not being able to purchase a particular issue at the desired price.
- *Credit Risk*. The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments.
- *Reinvestment Risk*. With declining interest rates, investors may have to reinvest income or principal at a lower rate.
- *Duration Risk*. Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

Exchange Traded Funds (ETFs)

An ETF holds a portfolio of securities designed to track a particular market segment or index. Shares of ETFs are listed on securities exchanges and transacted in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV.

ETFs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that when shares are sold they may be worth more or less than their original cost. ETF shares are bought and sold at market price (not Net Asset Value) and are not individually redeemed from the fund. There is also the risk that a manager may deviate from the stated investment mandate or strategy of the ETF which could make the holdings less suitable for a client's portfolio. ETFs may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. In addition, while many ETFs are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are assets classes within these ETFs or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of an ETF's portfolio, may be considered "non-qualified" under certain tax code provisions.

There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 10,000 to 25,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Mutual Funds - Equity Funds

The major risks associated with investing in equity mutual funds is similar to the risks associated with investing directly in equity securities, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Other risks include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification and the type and amount of sector diversification within specific industries.

In addition, there is the risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund which could make the holdings less suitable for a client's portfolio. Also, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold their shares in the fund. Mutual funds may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees.

Mutual Funds - Fixed-Income Funds

In addition to the risks associated with investing in equity mutual funds, fixed-income mutual funds also have the same risks as set forth under "Fixed-Income Securities" listed above.

Mutual Funds - Index Funds

Index Funds have the potential to be affected by "tracking error risk" which means a deviation from a stated benchmark index. Since the core of a portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a "sample index" that may not closely align the benchmark. In addition, while many index mutual funds are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are assets classes within these funds or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of a fund's portfolio, may be considered "non-qualified" under certain tax code provisions.

Real Estate Related Securities

Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation, possible lack of availability of mortgage funds, overbuilding, extending vacancies of properties, increases in competition, property taxes and operating expenses, changes in zoning laws, costs resulting from clean-up of, and liability to third-parties for damages resulting from, environmental problems, casualty and condemnation losses, uninsured damages from floods, earthquakes or other natural disasters, limitations on and variations in rents and changes in interest rates. Investing in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in real estate in general. REITs are dependent upon the skills of management, are not diversified and are subject to cash flow dependency, default by borrowers and self-liquidation.

Note that there may be other circumstances not described here that could adversely affect a client’s investment and prevent their portfolio from reaching its objective.

C. Cash Management

Cash balances in client accounts are typically invested in money market mutual funds. These cash balances are included in the account market value for the computation of the investment management fee.

ITEM 9 - DISCIPLINARY HISTORY

Neither Pettee Investors nor any of its supervised persons have any reportable disciplinary history.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILATION: PUBLISHING OF RESEARCH

A. Broker-Dealer Registration and Registered Representatives

Pettee Investors is not registered, nor does it have an application pending to register, as a broker-dealer. No management person is registered, nor does any management person have an application pending to register, as a registered representative of a broker-dealer.

B. Futures and Commodity Registration

Pettee Investors is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

C. Financial Industry Affiliations

<u>Investment Adviser Affiliations</u>

Hoya Capital Real Estate (“Hoya Capital”), a SEC-registered investment adviser, CRD number 281848, is majority owned by Pettee Investors and is located at the same principal place of business as Pettee Investors. Sheila Pettee, President and CCO of Pettee Investors, is also CEO and CCO of Hoya Capital, Alex Pettee, President of Hoya Capital, is also an investment adviser representative of Pettee Investors. Hoya Capital and Pettee Investors have adopted written policies and procedures that are designed to minimize potential conflicts.

Index Provider Affiliations

Hoya Capital Index Innovations is an affiliated index provider of Hoya Capital that provides index services to Hoya Capital. These indexes may be used in support of ETF that Hoya Capital advises. Hoya Capital and Pettee Investors have adopted written policies and procedures that are designed to minimize potential conflicts. Alex Pettee serves as the President of Hoya Capital Index Innovations as well as Hoya Capital.

ETF Fund Affiliations

Hoya Capital is the investment adviser to the Hoya Capital Housing ETF and the Hoya Capital High Dividend Yield ETF. The relationship could be considered a material conflict of interest when we invest a client's assets in Hoya's ETFs since the client may be responsible for paying management fees agreed upon in their investment advisory contract with Pettee Investors as well as the management fees charged by the affiliated ETFs. In order to minimize conflict of interest, for individual accounts that Pettee Investors manages, Pettee Investors will not charge an advisory fee on clients' assets that are invested in ETFs wherein Hoya Capital also serves as advisor. Hoya Capital and Pettee Investors have adopted written policies and procedures that are designed to minimize potential conflicts. See Item 5 Fees and Compensation under the ETF Fees section for additional information.

For additional information, the ETFs prospectus and SAIs are available on-line at: www.HoyaETFs.com. Prospective investors should review these documents carefully before making any investment in the ETFs.

D. Selection of Other Advisers

Pettee Investors may recommend clients to its affiliated firm, Hoya Capital for additional advisory services. Clients are made aware of this relationship and clients enter into a separate investment advisory agreement with the affiliated firm. Pettee Investors does not receive compensation for these referrals, however, the affiliated firms do share advisory personnel that advise clients at both Hoya Capital and Pettee Investors. Pettee Investors does not receive, directly or indirectly, compensation from other non-affiliated investment advisers that it recommends or selects for its clients.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

Pettee Investors has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that Pettee Investors and its employees owe a fiduciary duty to its clients. Accordingly, Pettee Investors expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. Pettee Investors, and its employees and those of the affiliate are required to adhere to the Code of Ethics. At all times, Pettee Investors and its employees and those of its affiliate must (i) place client interests ahead of Pettee Investors'; (ii) engage in personal investing that is in full compliance with Pettee Investors' Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of Pettee Investors' Code of Ethics by contacting Sheila Peck Pettee, President and Chief Compliance Officer of Pettee Investors, at 203-957-8880.

B. Material Financial Interest

Hoya Capital, a Pettee Investors, Inc. affiliate, may serve as advisor to one or more ETFs. Pettee Investors may recommend to clients that they invest in such ETFs. A conflict of interest exists because Pettee Investors would earn its customary advisory fee on client assets invested in these funds and a separate management fee from the ETF in Hoya Capital's capacity as advisor to such ETFs. In order to minimize conflict of interest, for individual accounts that Pettee Investors manages, Pettee Investors will not charge an advisory fee on clients' assets that are invested in ETFs wherein Hoya Capital also serves as Advisor

C. Prohibition on Use of Insider Information

Pettee Investors has also adopted policies and procedures to prevent the misuse of "insider" information, which is included in the Code of Ethics.

D. Participation or Interest in Client Transactions

To minimize conflicts of interest, and to maintain the fiduciary responsibility Pettee Investors has for its clients, Pettee Investors has established the following policy: No person associated with Pettee Investors shall prefer his or her own interest to that of any client. No person associated with Pettee Investors shall trade against the interests of any client account. Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients. Pettee Investors personnel may not anticipate trades to be placed for clients. In addition, Pettee Investors requires prior approval of employee trades.

ITEM 12 - BROKERAGE PRACTICES

Pettee Investors believes that one of the major advantages of dealing with an independent advisory firm such as Pettee Investors is that the advisory firm does not receive any income on the purchase or sale of its client's securities. Pettee Investors buys or sells securities for investment reasons, not to generate commissions.

Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

When placing security transactions for client accounts, Pettee Investors' primary objective is to obtain the best price and best execution, taking into account the costs, promptness of execution and other qualitative considerations.

Broker Analysis

Pettee Investors evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving Pettee Investors.

Also in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Research/Soft Dollars Benefits" section immediately below). Accordingly, if Pettee Investors determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Sheila Peck Pettee, President and Chief Compliance Officer of Pettee Investors, is responsible for continuously monitoring and evaluating the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, Pettee Investors periodically reviews its transaction costs in light of current market circumstances and other relevant information.

Research/Soft Dollar Benefits

Pettee Investors believes the investment research and investment opportunities provided by broker-dealers are valuable to clients and that the firm would be doing clients a disservice by insisting on negotiating client brokerage commissions down to a point where a research and opportunities would not be available to the client.

In short, should you consider becoming a client of Pettee Investors, you should understand that the commission rates that the firm negotiates may reflect services other than execution. Pettee Investors believes that broker-dealer research provides benefits, and permits Pettee Investors to do the job that you intend the firm to do - which is to use judgment in managing your account.

While as a fiduciary Pettee Investors is required to act in its clients' best interests, Pettee Investors' recommendation that clients maintain their assets in accounts with certain broker-dealers may be based in part on the benefit to Pettee Investors of the availability of research services and not solely on the nature or cost or quality of custody and brokerage provided. This may create a conflict of interest.

Research acquired with client brokerage commissions in the past year includes company specific research reports with recommendations by the broker-dealer who also supplies independent research. The research also includes industry analysis reports, economic reports as well as general market reports. Pettee Investors benefits by not having to produce or pay for the research. The research acquired benefits all client accounts equally.

Brokerage Selection

Pettee Investors Directed Brokerage

Pettee Investors does not have the discretionary authority to determine the broker-dealer to be used. Clients in need of brokerage will have Charles Schwab recommended to them. Under this arrangement, clients of Pettee Investors who elect to place their accounts in custody at Charles Schwab receive discounted commission rates on transactions which Pettee Investors executes through Charles Schwab's trading facilities. Pettee Investors does not participate in any transaction fees or commissions paid to the broker-dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. Pettee Investors is required to disclose that by directing brokerage, Pettee Investors may not be able to achieve the most favorable execution of client transactions and that this practice may cost clients more money.

Client Directed Brokerage

Certain clients may direct Pettee Investors to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, Pettee Investors is required to disclose that Pettee Investors may be unable to negotiate commissions or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates Pettee Investors might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

However, when the client designates the broker, Pettee Investors will assist the client in negotiating a commission discount with the broker which takes into consideration any special services the broker might be providing to the client, and whether the broker may be providing custodial services to the client. Occasionally, the client has a pre-existing relationship with the broker, so Pettee Investors does not have significant influence in negotiating commissions in these instances, and commissions paid by the client with directed brokerage arrangements are generally higher than those otherwise obtainable.

Pettee Investors encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

Trade Aggregation/Allocation

Pettee Investors does not aggregate client trades.

ITEM 13 - REVIEW OF ACCOUNTS

Reviews

Sheila Peck Pettee, Timothy Pettee and Alexander "Alex" Pettee provide continuous and regular account reviews.

Reports

Each client receives a written or electronic confirmation of each purchase or sale for their account directly from the broker or custodian involved. In addition, written or electronic statements are provided at least quarterly by the broker or custodian. At the end of the year, clients are provided with the 1099s from the broker or custodian.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Pettee Investors does not use solicitors or receive any economic benefits (e.g., sales incentives, prizes) from non-clients for providing investment advice.

ITEM 15 - CUSTODY

Pettee Investors is deemed to have custody because Pettee Investors may deduct its fees directly from certain client accounts.

Custody of client assets will be maintained with the independent custodian selected by the client. Pettee Investors will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. For those client accounts over which Pettee Investors has discretion, clients will authorize Pettee Investors to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investments for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to carefully review account statements sent by their broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by Pettee Investors.

Client accounts custodied at various firms may be charged separately for custody, in addition to commissions, interest on cash balances, or other transaction-related fees for securities trades that are executed through the broker dealers. See Item 12 Brokerage Practices for additional information regarding brokerage and custody.

ITEM 16 - INVESTMENT DISCRETION

For those client accounts over which Pettee Investors has discretion, Pettee Investors requests that it be provided with written authority (e.g., limited power of attorney provided with the Pettee Investors' Investment Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

Pettee Investors generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. Pettee Investors' authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between Pettee Investors and the client.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

Unless otherwise agreed to in writing with the client, Pettee Investors does not vote proxies on behalf of its clients. Therefore, although Pettee Investors may provide investment advisory services relative to client investment assets, Pettee Investors' clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. Pettee Investors and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating tothe client's investment assets.

Class Action Settlements

Although Pettee Investors may have discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly. Sheila Peck Pettee, President and Chief Compliance Officer of Pettee Investors is available for consultation on questions regarding class action issues.

ITEM 18 - FINANCIAL INFORMATION

Prepayment of Fees

Because Pettee Investors does not require or accept prepayment of more than $1,200 in fees six months or more in advance, Pettee Investors is not required to include a balance sheet with this disclosure brochure.

Financial Condition

Pettee Investors does not have any adverse financial conditions to disclose.

Bankruptcy

Pettee Investors has never been the subject of a bankruptcy petition.

ITEM 19 - ADDITIONAL INFORMATION

A. PRIVACY NOTICE

Pettee Investors views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. Pettee Investors does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, Pettee Investors may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. Pettee Investors restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for Pettee Investors. As emphasized above, it has always been and will always be Pettee Investors' policy never to sell information about current or former clients or their accounts to anyone. It is also Pettee Investors' policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of Pettee Investors' Privacy Policy, please contact Sheila Peck Pettee, President and Chief Compliance Officer of Pettee Investors at 203-957-8880.

B. CLIENT COMPLAINTS

Clients may contact Sheila Peck Pettee, President and Chief Compliance Officer of Pettee Investors at 203-957-8880 to submit a complaint. Written complaints should be sent to Pettee Investors, Inc., P.O. Box 327, Rowayton, CT 06853.

C. Education Background and Business Experience

Advisory persons associated with Pettee Investors must possess, minimally, a degree from an accredited college and relevant professional experience.

Sheila Peck Pettee, CFA (Born: 1957)

Sheila Peck Pettee, President & Chief Compliance Officer, formed Pettee Investors, Inc. January 1989. Sheila Peck Pettee is Chief Executive Officer & Chief Compliance Officer of Hoya Capital Real Estate, LLC. From December 1986 to December 1988, she was a Vice President and Portfolio manager at Peter Ehrlich Associates Inc., an independent investment advisory firm in Bedford, New York. She was responsible for managing both individual and institutional accounts.
From late 1984 to late 1986, Sheila was employed at Carret and Company Inc., an independent investment advisory firm in New York City. She was a Vice President, again responsible for the management of various portfolios. In 1983, Sheila moved to the Retirement System for Savings Institutions and co-managed the internal equity portion of the System's $450 million in total assets. From 1979 to 1983 she was employed at Standard & Poor's Corporation in New York City as a securities analyst.

Sheila Peck Pettee graduated from Rollins College with a B.A. in Business Administration. She is a Chartered Financial Analyst (CFA) and a member of the New York Society of Security Analysts.

Alexander Pettee

Alexander (Alex) Pettee was born in 1991 in Greenwich, Connecticut. Alex garnered a strong interest in REITs during his undergraduate studies at Georgetown University, where he graduated cum- laude with a B.S. in Business Administration with a concentration in Finance in May 2013. Alex continued to intensely study REITs during his master's degree studies. He graduated from Georgetown's School of Continuing Studies with a master's degree in Real Estate with a concentration in Real Estate Finance in August of 2014.

While pursuing his master's degree, Alex authored a Capstone Thesis titled, The Modern REIT under the advisory of former Boston Properties and Charles E. Smith senior executive, Professor Jonathan Morris. The thesis, which earned top-marks, explored the historical relationships and correlations between REIT's and interest rates. The thesis concluded that the current REIT market was bifurcated between Modern REITs and Pre-Modern REITs. Modern REITs are characterized by efficient management teams that actively minimize cost of capital and methodically seek NAV accretion. The research in the thesis revealed that these REITs have historically strongly outperformed REITs that are managed more passively.

After completing his masters degree, beginning in October 2014, Alex began working at Pettee Investors Inc., an SEC-registered investment advisory firm. Alex performed the research and made recommendations to the firm on potential investments in the Real Estate Investment Trust industry. Using the research that was available to the firm, Alex crafted recommendations based on his findings revealed during his academic studies on REITs, and presented them to the firm's President and portfolio manager, Sheila Pettee. Alex's research helped the firm to diversify client accounts into a variety of REIT investments.

In 2015 Alex founded Hoya Capital Real Estate, an SEC registered investment adviser. and has been managing client's real estate portfolios since March 2016. Hoya Capital serves as an investment advisor for the Hoya Capital Housing ETF (HOMZ) and the Hoya Capital High Dividend Yield ETF (RIET). Alex is also an employee of Pettee Investors, Inc., an affiliated company. He became a CFA Charterholder in 2017. Alex holds a Series 65 license (Uniform Investment Advisor Law Examination).

Timothy Pettee (born 1958)

Chief Investment Officer of Pettee Investors, Inc. Prior to joining Pettee Investors, Mr. Pettee was with SunAmerica Asset Management Corp. LLC from 2003 to 2021. He served as Chief Investment Officer from 2003 to 2014 and from 2018 to 2021. He was Lead portfolio manager of the firm's rules-based portfolios from 2014 to 2021. He was a member of the Executive Committee, the Brokerage and Soft Dollar Committee, the Product committee and head of the Portfolio Policy Committee. Prior to SunAmerica, Mr. Pettee served as Executive Vice President and Global Director of Research of Schroeders Investment Management NA, from 2001 to 2003; Senior Vice President and Director of Research for the U. S. Trust Company of New York, from 1998 to 2001; and Vice President and Portfolio Manager for Alliance Capital Management LLC from 1990 to 1998. Prior to Alliance Capital Mr. Pettee was a research analyst with various sell side firms from 1981 to 1990. Mr. Pettee is a 1980 graduate of Boston University with a Bachelor of Arts degree in Economics.

Important Information about the Chartered Financial Analyst (CFA) Designation:

The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute to financial analysts. To earn the right to use the CFA designation, candidates must pass three levels of examinations, which requires hundreds of hours of study over at least three years, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have at least four years of acceptable professional experience in the investment decision-making process. CFA charter holders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

D. Disciplinary Information

Sheila Peck Pettee , Timothy Pettee and Alexander “Alex” R. Pettee have no legal or disciplinary events to report.

E. Other Business Activities

Sheila Peck Pettee, Timothy Pettee and Alexander “Alex” R. Pettee are not engaged in any other business or occupation for compensation that provides a substantial source of his or her income or involves a substantial amount of their time.

F. Supervision

Sheila Peck Pettee is responsible for supervision of all employees of Pettee Investors, Inc. The guiding document for supervision purposes is the Pettee Investors Code of Ethics.