



## **Trinity Financial Advisors, LLC**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Trinity Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact John Wimbiscus at 312-245-1300 and at [john.wimbiscus@tfa-llc.com](mailto:john.wimbiscus@tfa-llc.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.

Additional information about Trinity Financial Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for this Adviser is 111681.

Trinity Financial Advisors, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

3/31/2015

## Material Changes

Form ADV Part 2A, Item 2

This Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This brochure dated March 31, 2015 contains the following material changes from the brochure dated March 31, 2014 which was filed with our last annual updating amendment:

- TFA provides tax services and charges fees for this service. Please see the Tax Services section of Item 5 for a full description of this service and the associated fees;
- TFA has updated Item 12 to disclose Soft Dollar benefits it receives related to its brokerage practices; and
- TFA has updated Item 14 to disclose referrals incentives it pays to other parties for client referrals.

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## **Advisory Business**

Form ADV Part 2A, Item 4

Trinity Financial Advisors, LLC is a fee only financial planning and investment management firm located in Chicago, Illinois. The firm was founded in 2000 by John Wimbiscus. The firm is 99% owned by John Wimbiscus and 1% owned by his wife, Sanghui Wimbiscus. The firm is federally registered with the SEC (Securities and Exchange Commission) as a Registered Investment Adviser.

Trinity Financial Advisors, LLC is primarily engaged as a financial planning and investment advisory firm who, as a part of its services to clients, gives general and specific investment advice. Advice may be general asset allocation guidelines or in certain instances, more specific advice and manage discretionary investment management accounts. In addition, TFA may place clients with certain third-party advisers such as Lockwood and the Schwab Select Managed Account Program. TFA also provides tax return compliance for certain clients.

### Comprehensive Financial Planning

Financial planning clients are analyzed as to net worth, ten-year projected cash flow, ten-year projected income taxes, estate objectives, age, investment temperament and current insurance provisions and needs. Estate planning clients receive similar, but not necessarily identical analyses. Once the analysis is completed, a client conference is held where different financial and/or estate planning and investment strategies are discussed. The client is provided with written documentation in regard to their analysis and recommendations. When a specific strategy is decided upon, the implementation of that strategy begins and is reviewed, monitored, and updated by conferences, telephone calls and correspondence. Not all clients engage TFA for every service described above.

### Investment Management Services

TFA undertakes to provide investment advisory clients with objective setting and asset allocation services and assistance. TFA may act as a discretionary investment adviser for no-load mutual funds, fixed income securities, separately managed accounts and alternative investments. TFA prepares individually designed reports concerning the investment programs and portfolios of each client.

TFA may manage investment management accounts for clients without complete

knowledge of all the relevant factors as to individual participants for accounts with more than one beneficiary such as employee benefit plans. In the former case, TFA would endeavor to pursue an investment strategy that it considered consistent with the plan trustees' or with the client's objectives and prudent investment management. TFA may manage no-load mutual fund portfolios for its clients.

### Selection of Third Party Money Managers

In some situations, Trinity Financial Advisors, LLC may engage the services of a third party money manager for a portion of a client's portfolio in which they are providing Investment Management Services. This may be in circumstances where TFA may require specialized knowledge of a certain investment field, such as equities, alternative investments, or fixed income. The services of a third party money manager are discussed with a client prior to the funds being invested. In addition, the fees for a third party money manager are also communicated with the client prior to the beginning of the engagement.

### Tax Return Preparation Services

Trinity Financial Advisors, LLC, offers income tax preparation services as a separate service or as part of their financial planning services. When this service is provided separate from financial planning, an estimate for cost of this service is determined in advance of an engagement based on the amount of time and complexity of the return. Trinity Financial Advisors, LLC engages a tax manager along with other experienced accountants and CPAs who provide this service. All returns are reviewed by the tax manager or John Wimbiscus.

TFA provides customized financial planning and investment management services by requesting that clients complete a data questionnaire, provide financial statements and other financial documents such as income tax returns, estate documents, paychecks, insurance policies, etc. Information is also gathered through personal meetings with clients. Clients are required to complete an on line Risk Tolerance Questionnaire created by FinaMetrica. TFA does not allow the client to impose restrictions on investing in certain types of securities but do their best to accommodate the desires of the client when it can be accomplished without undue risk to the client's portfolio.

Trinity Financial Advisors, LLC does not participate in wrap fee programs for its clients.

Assets under Management: 12/31/14

| TYPES OF ACCOUNTS                                     | Number<br>of<br>Accounts | Market Asset<br>Value | Largest<br>Account<br>Asset Value |
|---|--------------------------|-----------------------|-----------------------------------|
| Discretionary ERISA<br>Pension/Employee Benefit Plans | 70                       | \$17,332,952          | \$1,133,059                       |
| Discretionary All Other Accounts                      | 658                      | \$192,747,116         | \$13,282,857                      |
|   |                          |                       |                                   |
| Total All Accounts                                    | 728                      | \$210,080,068         |                                   |

## Fees and Compensation

Form ADV Part 2A, Item 5

### FINANCIAL PLANNING FEE SCHEDULE

Clients are billed either on a fixed-fee basis or standard hourly rates in certain situations. The method of billing is determined on a per-client basis and is based upon the complexity of the individual client's situation as well as the degree of service selected by the client. A fixed planning fee is based upon a client's size, complexity and time required to prepare and implement a financial or estate plan and is usually based upon a yearly engagement. Clients are billed on a retainer basis not more than six months in advance. At the time of the engagement the client may be quoted a fixed fee for all or part of the services described above. In all cases the fee arrangement is described in the client engagement letter or the client invoice. Refunds of professional fees are obtained per terms of the client engagement letter.

### INVESTMENT MANAGEMENT FEES

#### Annual TFA Investment Consulting Fee

TFA's Investment Consulting Fee Schedule for investment advisory accounts is based on the market value of the client's portfolio as calculated as described below. The fee schedule is:

|       | Amount<br>Managed | Quarterly<br>Fees | Annualized<br>Rate |
|-------|-------------------|-------------------|--------------------|
| 0-1   | \$1,000,000       | 0.250%            | 1.00%              |
| 1-4   | \$3,000,000       | 0.187%            | .75%               |
| 4-7   | \$3,000,000       | 0.125%            | .50%               |
| Above | \$7,000,000       | 0.075%            | .30%               |

*Example: A \$1,200,000 account would be billed as follows: \$1,000,000 at 1% = \$10,000; \$200,000 at .75% = \$1,500, for a total annual fee of \$11,500.*

For portfolios over \$7 million, or when specialized investment services are required, other fee arrangements may apply, as described below.

Fees are billed quarterly in advance. The market value of the account is determined on the last day of the month prior to billing. For example, for a January 1, 2015 invoice, the market value is determined on December 31, 2014. For the April 1, 2015 invoice, the market value is determined on March 31, 2015.

### Special Engagements

TFA may, at the request of the Client, perform specific investment management services. The agreed upon fee will be listed either in the engagement letter or the Client invoice.

Clients may receive a lower fee than listed above due to a variety of factors, including the fact that the client's portfolio is comprised of fixed instruments only, or from the fact that certain client-directed purchases would be excluded from the calculation of assets under management.

### Advisory Fees to Third Party Money Managers

Fees paid to third party money managers are disclosed to the client in advance. The client signs a contract if fees are paid directly to a third party money manager. The fees of the manager are disclosed in their ADV. These fees are in addition to the management fee paid to TFA.

### Tax Services Fees

Tax services are billed on either an hourly or retainer basis. In addition, TFA charges fees for the preparation of tax returns for its clients and pays both third-party tax preparers, internal tax preparers, and software vendors for costs related to this service. Therefore, TFA may receive compensation over and above the actual cost paid to third party tax preparers. This compensation may enable TFA to pay its internal employee for tax preparation as well as to pay the cost of the software necessary to complete the returns, and to facilitate delivery of the tax returns to the clients.



## General Information about Fees

**Billing:** Invoices for services are sent to clients on a quarterly basis. Fees are paid on a quarterly basis for services. Fees of investment management will be debited from the client's account. Fees for financial planning may be debited from the client's account or invoiced directly to the client. The method of billing is subject to mutual agreement between TFA and the client. Fees are calculated using Schwab Performance Technologies PortfolioCenter® software when not calculated by spreadsheet. Fees are billed quarterly in advance. The market value of the account is determined on the last day of the month prior to billing. For example, for a January 1, 2015 invoice, the market value is determined on December 31, 2014. For the April 1, 2015 invoice, the market value is determined on March 31, 2015. Adjustments for deposit and withdrawals are given for transactions that occur during the previous quarter when the separate aggregate amount of either the deposits or the withdrawals exceeds \$100,000.

**Proration:** If a client were to engage TFA for investment advisory services in the middle of a billing cycle, the client would be prorated for that period. If either party cancels the contract, which can be done with 30 days written notice by either party, then the fees would be prorated through the date of cancellation and any excess advance payment would be refunded to the client.

## Transaction Costs

Clients are also charged direct out-of pocket expenses such as travel costs or the expenses of third party professional advisors such as attorneys, CPAs, etc. In addition, the custodian may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchanged-traded funds. In some cases, custodians also charge monthly, quarterly or annual custody fees. Fees for custody are disclosed to clients when this type of arrangement is recommended. A discussion of TFA's brokerage practices may be found in Item 12 of this ADV Part2A.

Mutual funds and exchange traded funds generally charge a management fee for their services as investment managers. The management fee is included in the expense ratio. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to Trinity Financial Advisors, LLC.

## Travel Costs

TFA may seek reimbursement of travel costs for client travel.

## **Performance-Based Fees and Side-By-Side Management**

Form ADV Part 2A, Item 6

Trinity Financial Advisors, LLC does not charge performance-based fees. However, Trinity Financial Advisors, LLC may place clients with third-party money managers who may charge performance fees. That advisor's Form ADV, Part 2A would contain a description of such fee arrangements.

## **Types of Clients**

Form ADV Part 2A, Item 7

Trinity Financial Advisors, LLC. provides financial planning and investment advice to:

- individuals
- pension and profit sharing plans
- trust, estates or charitable organizations
- Corporations or business entities

Accounts accepted for investment advisory services generally must have assets in excess of \$1,000,000.

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

Form ADV Part 2A, Item 8

Trinity Financial Advisors, LLC provides the investment strategy and its implementation for all clients, utilizing a variety of securities or pooled investment vehicles (such as mutual funds). Clients of Trinity Financial Advisors, LLC receive the benefit of Trinity Financial Advisors, LLC's developed investment philosophies and strategies, research and due diligence, account monitoring, and personal financial planning recommendations.

Trinity Financial Advisors, LLC's Investment Committee establishes the overall investment strategies employed by the firm, reviews the brokerage firms we recommend to our clients, and approves of particular investments, which may be used by advisors of our firm. The Investment Committee includes John Wimbiscus, Ellen Dowling, and Nancy Ladd.

Expansive academic research, investment information, and certain proprietary analyses are drawn upon by Trinity Financial Advisors, LLC in order to provide innovative investment advisory services.

Specific no-load (no commission) mutual funds and other investment products and securities are then recommended to clients. Clients' portfolios are then periodically monitored, and changes to investment portfolios are suggested when appropriate. A disciplined approach to rebalancing is employed in order to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax reduction, tax planning or other reasons.

### Methods of Analyses and Investment Strategies Generally

In designing investment plans for clients, Trinity Financial Advisors, LLC relies upon the information supplied by the client and the client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management planning, short-term and long-term lifetime financial goals and objectives, investment time horizon, and perceived current tolerance for risk.

This information becomes the basis for the strategic asset allocation plan which we believe will best meet the client's stated long term personal financial goals. The strategic asset allocation provides for investments in those asset classes which Trinity Financial Advisors, LLC believes (based on historical data and Trinity Financial Advisors, LLC's propriety analysis) will possess attractive combinations of return, risk, and correlation over the long

term.

A tremendous amount of academic research reveals that strategic asset allocation is determinative of the majority of the expected long-term gross returns of investor's portfolios. Our selection of asset classes is driven by research into global asset classes by such academics as Professor Eugene Fama, Sr. of the University of Chicago Booth Graduate School of Business and the Center for Research in Security Prices, Professor Kenneth French of Dartmouth College, and many other academics and researchers.

The investment advice which Trinity Financial Advisors, LLC provides is based upon long-term investment strategies which incorporate the principles of Modern Portfolio Theory. The utilization of several different asset classes as part of an investor's portfolio is emphasized, as this has been shown to usually effect a reduction in portfolio volatility (i.e., the standard deviation of the portfolio returns) over long periods of time. Trinity Financial Advisors, LLC allocates and diversifies the client's assets among various asset classes and then among individual investments, as agreed to by the client.

Trinity Financial Advisors, LLC's investment approach is firmly rooted in the belief that markets are fairly efficient (although not always rational) and that investors' gross returns are determined principally by asset allocation decisions. A focus is provided on developing and implementing globally diversified portfolios, through a combination of low-cost and tax-efficient passively-managed stock mutual funds and exchange traded funds and actively-managed stock mutual funds. The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to add return in excess of the index.

The overall portfolio weightings as between equities and fixed income investments are based upon each client's needs and desires, perceived risk tolerance and the need to assume various risks, and investment time horizon. The portfolios of clients are then designed by Trinity Financial Advisors, LLC to fit the overall weightings of equities (exchange traded funds, stock mutual funds, etc.) and fixed income investments (notes, bond funds, CDs, etc.) in an investor's portfolio. For other clients, the investment portfolio's strategic asset class allocation is customized to meet the specific circumstances of a client, the presence of investments in 401(k) or other accounts, as well as a perception of the client's understanding of the fundamental forces affecting risk and return in the capital markets.

In addition, a client's initial or revised strategic asset allocation may be influenced by a review of the relative valuation levels of various asset classes and the investment time horizon of that client. Tactical asset allocation strategies are not generally employed in

connection with the management of client portfolios.

### Methods of Analysis; Sources of Information

Our security analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market and financial information, due diligence reviews, and specific investment analyses that clients may request. The main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers and periodicals. Prospectuses, statements of additional information, other issuer-prepared information, and data aggregation services (Morningstar Principia, Advisor Intelligence, etc.) are also utilized. Investment Committee members and advisors also attend various investment and financial planning conferences.

Research is also received from consultants, including financial economists affiliated with Dimensional Funds Advisors (DFA) and other firms. DFA provides historical market analysis, risk/return analysis, and continuing education services. Various computer software programs from DFA and from other third parties may also be utilized to better model the historical and/or expected returns of designed portfolios. The historical valuation levels of various asset classes (as measured by p/b, p/e, p/c and/or p/s data) may be utilized to undertake estimates of the probable long-term(15-year) expected returns of various assets classes, as a means of aiding investment and financial planning decision-making.

### Types of Investments

Each client typically receives an investment portfolio which consists mainly of no-load stock and bond mutual funds. The passively managed (index) stock mutual funds offered by iShares, Vanguard, Dimensional Funds Advisors (DFA), and various products licensed by Research Affiliates LLC, are recommended along with actively managed funds and separately managed accounts. Index mutual funds offer broad diversification and are structured for low turnover, so as to substantially lessen the often substantial transaction costs incurred by mutual funds and exchange traded funds as they trade securities within the fund. Trinity Financial Advisors, LLC also invests in equity funds that also engage in hedging strategies to lessen the downside risk of the fund in the event of falling market conditions.

Some investment portfolios may also include individual fixed income investments (bonds, C.D.'s etc.) and/or bond funds (primarily from Vanguard and PIMCO). For clients with a substantial fixed income allocation, Trinity Financial Advisors, LLC generally recommends a combination of bond funds and individual fixed income investments, with recommended

actual investments dependent upon Trinity Financial Advisors, LLC's views of the risk/return relationship for various forms of fixed income investments or bond funds. Trinity Financial Advisors, LLC will typically request discretionary authority from clients to manage individual fixed income assets, as such may be necessary to enable the investment adviser to purchase or sell such assets in a timely manner at quoted prices. All individual fixed income securities recommended will be investment-grade at the time of recommendation.

Client portfolios may also include some individual equity securities, but these are generally part of clients' investment holdings prior to becoming a client of Trinity Financial Advisors, LLC, or will be purchased at the request of the client. However, clients with significant amounts to devote to investing in equities may also participate in a separate account program, which includes individual stocks for a specific allocation in the portfolio.

Publicly traded real estate investment trusts mutual funds (REITS) and commodity index or passive mutual funds or ETFs may be recommended for certain clients who desire to include real estate or commodities in their asset allocation strategy.

TFA invests a portion of the majority of client's portfolios in alternative investment mutual funds and SMAs. These include tactical asset allocation funds, long/short funds, absolute return funds, long/short commodity funds, and non-diversified exchange traded funds and mutual funds that invest in gold. These funds are used in the portfolio to achieve equity-like returns with potential for smaller losses in a falling market. The generally higher cost of these funds is discussed with the client prior to being used in their portfolio.

TFA may recommend for certain clients who desire to include energy infrastructure in their asset allocation strategy the use of Master Limited Partnerships (MLPs).

Insurance products such as annuities and various types of life insurance products may also be evaluated. Recommendations may be undertaken for clients to invest in low-cost, no-load (no commission) variable or fixed deferred or immediate annuities when appropriate to the circumstances and tax situation of the client. More often, this occurs when a client possesses an existing high-cost variable annuity, and a rollover of the annuity is indicated rather than redemption for tax planning purposes, in order to seek to lower the total fees and costs paid by the client and/or provided different investment choices. At times clients may be advised to retain an existing annuity, previously purchased by the client, or undertake partial or full surrenders of same (and/or tax-free exchanges), following an evaluation of the annuity contract, riders thereto, investment alternatives within the annuity and their fees and costs, including any surrender fees which may be imposed by the insurance company.

New clients' existing investments are evaluated in light of the client's investment objectives. We work with new clients to develop a plan to transition from a client's existing portfolio to the desired portfolio. Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Each client's portfolio holdings and strategic asset allocation are then monitored periodically, taking into account the cash flow needs of the client. Review meetings with clients are held regarding their investment assets under advisement and other personal financial planning issues.

Investing in securities involves a risk of loss that clients should be prepared to bear. The investment recommendations seek to limit risk through broad global diversification in equities (through broadly diversified stock mutual funds and/or separate account management programs) and investment in high quality fixed income securities or diversified bond funds. However, the investment methodology will still subject the client to declines in the value of their portfolios, which can at times be dramatic.

Given the long-term nature of the expected equity premium (i.e., the additional expected return for investing in the overall stock market, relative to less "risky" U.S. Treasury bills), and the long-term nature of the expected value and small cap effects, Trinity Financial Advisors, LLC's investment philosophy is best suited for investors who desire a buy and hold strategy for a substantial portion of their funds. Trinity Financial Advisors, LLC's stock mutual fund (or separate account manager) strategies are usually appropriate for clients possessing an investment time horizon of a minimum of ten years, and preferably even longer. Even then, investing is inherently uncertain as to future returns. While both macroeconomic and microeconomic risks are evaluated, for purposes of weighing risks and returns and for the computation of the expected returns of various asset classes (for use in financial planning decision-making), Trinity Financial Advisors, LLC does not generally engage in market-timing activities. Trinity Financial Advisors, LLC believes the equity, value and small cap effects are highly likely to occur in the future, over long periods of time. However, there can be no assurance that these effects will occur over any given time period. While Trinity Financial Advisors, LLC seeks to reduce non-compensated risks to which a client may be exposed, other risks (including but not limited to the risk of a general stock market decline) may be assumed in order to see to attain the client's longer-term financial goals and objectives; however Trinity Financial Advisors, LLC cannot provide any guarantee that the client's goals and objectives will be achieved.

### Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to



fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of 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.
- **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.
- **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 fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Certain securities recommended, such as U.S. small cap value and mid cap value stock mutual funds, U.S. small cap and micro cap mutual funds, and similar pooled investment vehicles inside variable annuities, possess higher levels of volatility (as individual asset

classes within a portfolio). Trinity Financial Advisors, LLC may employ these securities as part of an overall strategic asset allocation for a client, and when such is undertaken Trinity Financial Advisors, LLC possesses a reasonable belief that the risk-return relationship for these securities will likely be beneficial for the investor over the long term.

While Trinity Financial Advisors, LLC does not recommend the purchase or holding of individual common stocks, clients at times desire to retain certain existing holdings, or to purchase same. Reasons for clients' desires might include emotional ties to the stock and/or the presence of substantial unrealized capital gains, or other reasons. When individual common stocks (and related types of individual securities, such as American Depositary Receipts) are held in a client's investment portfolio, the client remains exposed to "specific company risk" – i.e., business risk.

The liquid alternative investments used by Trinity Financial Advisors, LLC use a variety of different investment strategies. Since some of these invest in other funds or use a multi-manager strategy with multiple subadvisors, the cost of these funds may be higher than the cost of investing directly in the underlying investments. In addition, some funds include selling securities short which also increases the overall cost of the fund. Other risks include concentration in a limited number of securities, trading in options, futures, and initial public offerings, borrowing for other than temporary or emergency purposes, lower rated fixed income securities with associated credit and interest rate risk, foreign or emerging market securities with associated currency exchange rate risk and limited liquidity, high portfolio turnover risk, transaction cost risk, and tax inefficiency risk. Where appropriate, these investments are positioned within a client's tax deferred retirement accounts due to their tax inefficiency. The purpose of these funds is to provide greater stability in a downward trending market while continuing to produce closer to equity-like (stock) returns.

Individual U.S. government, government agency, AAA-rated, AA-rated, and A-rated corporate, and municipal bonds may be recommended to clients. All bonds bear a risk of default, and such individual corporate and municipal bonds generally possess somewhat higher risks. Trinity Financial Advisors, LLC undertakes annual due diligence on all corporate and municipal bond issuers, as to bonds held by our clients, and recommends the sale of such bonds when, in the view of the firm's Investment Committee, the risks of owning such bond outweigh the risks associated with the bond, after taking into account the likely costs of disposition.

While all Certificates of Deposit (CDs) purchased for Trinity Financial Advisors, LLC clients are FDIC-insured, the pricing of certain of these CDs, which trade in the secondary market, can vary; accordingly, due to price declines and/or transaction costs associated with trading, these CDs could lose value if redeemed prior to maturity. When CDs are recommended to clients, it is our intent that clients hold the CDs to maturity.

#### Cash Balances in Clients' Accounts

Cash in clients' investment accounts are typically swept into the bank or money market mutual fund accounts of the institutions (CHARLES SCHWAB and COMPANY INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES). Trinity Financial Advisors, LLC discusses with each client, during the time of review conferences and at other times, upcoming cash flow needs and seeks to plan accordingly to meet those needs. While it is not the practice to encourage clients to maintain a large amount of cash in their accounts, such may be undertaken at the request of the client.

Should the client desire a "cash reserve account," Trinity Financial Advisors, LLC encourages the client to establish a separate bank account, which is not monitored thereafter by Trinity Financial Advisors, LLC. Trinity Financial Advisors, LLC then seeks to review with the client, during periodic conferences, whether any funds are needed to restore cash reserves. Trinity Financial Advisors, LLC excludes separate accounts established for cash reserve purposes in the calculation of Trinity Financial Advisors, LLC's assets under advisement, and excludes the value of cash reserve accounts from a client's fee calculations. Additionally, smaller cash amounts may be maintained in order to facilitate billing of Trinity Financial Advisors, LLC's periodic fees, which may possess the effect of slightly reducing the portfolio's returns in periods when overall positive returns occur in the portfolio in excess of the interest rate paid on cash or cash equivalent deposits.

## **Disciplinary Information**

Form ADV Part 2A, Item 9

Neither Trinity Financial Advisors, LLC nor any of its management personnel has any disciplinary history to disclose.

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

Form ADV Part 2A, Item 10

TFA and its personnel may receive free admission to custodian-sponsored seminars due to TFA's choice of either Fidelity or Schwab as custodian. This may be perceived as a conflict of interest by the fact that receipt of the free seminar may influence TFA's selection of custodian and broker-dealer. However, due to the infrequency and nature of the seminars, TFA deems this conflict immaterial.

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

Form ADV Part 2A, Item 11

The Securities and Exchange Commission (SEC) adopted rule 204A-1 on January 7, 2005 which required registered investment advisers to adopt a code of ethics. TFA has a code of ethics which requires that all employees conduct themselves with integrity and dignity and act in an ethical manner in dealings with the public, clients, customers, employers, employees and fellow financial professionals. The Code of Ethics also addresses the personal securities transactions and records of our employees. Employees are required to manage their own investments in an ethical manner and all trades in personal accounts need to be approved by TFA's Compliance Officer.

The Code also addresses the issues of the confidentiality of and the safeguarding of client information, the payment or receipt of gifts by TFA or its associated persons and the prohibition of the use of inside information. If an employee does not comply with the Code of Ethics, the employee may receive disciplinary action including termination of employment. TFA's Code of Ethics is available for review by clients upon request.

Trinity Financial Advisors, LLC does not recommend to clients securities to buy or sell in which they or a related person has a material financial interest. Moreover, TFA will not simultaneously engage in purchasing or selling individual securities or investment products of its own account or its principals if such securities are being traded for clients. Individual staff members of TFA may purchase for their own investment and savings programs the same mutual funds recommended to its clients. The amounts of TFA's staff purchases are insignificant relative to a fund's total market capitalization. TFA purchases the securities at the same net price at which its clients purchase those securities. TFA's staff is not allowed to utilize inside information to purchase individual stock issues nor does it give advice to clients on individual stock issues.

## Brokerage Practices

Form ADV Part 2A, Item 12

### Brokerage Practices: General Information

Trinity Financial Advisors, LLC does not have the authority to specify a broker or a dealer for those clients who have engaged the firm for financial planning services only. However, for investment management clients, TFA recommends only two broker-dealers to be used: Charles Schwab & Co., and Fidelity. In general, TFA recommends that clients establish a relationship with one of the above broker-dealers and establish accounts at that broker-dealer. In recommending Schwab and Fidelity, TFA considers the following factors: the products offered the level of service, commission rates, and the ability to meet client needs. In assessing the reasonableness of their commissions, the firm compares various brokerage firm rates and advises clients of the best overall firm. The firm remains flexible in the use of other brokerage firms upon client request or where otherwise appropriate.

The firm seeks best overall execution of purchase or sale orders and most favorable net prices in securities transactions consistent with its judgment as to the business qualifications of the various broker or dealer firms with which TFA may do business. Decisions with respect to the market in which the transaction is to be completed, the form of transaction and the allocation of orders among brokers or dealers are made in accordance with this policy.

Transaction costs are disclosed to TFA's clients; usually more than one alternative broker is suggested and client is free to choose their own broker. TFA participates in the Schwab Institutional services program offered to independent advisers by Charles Schwab & Co., ("Schwab") a NASD registered broker-dealer. TFA participates in the Fidelity Institutional Brokerage Group ("Fidelity") services program offered to independent advisers by Fidelity Investments, a FINRA registered broker-dealer.

#### A. Soft Dollars:

Brokers do not reimburse TFA in the form of soft dollars or products or research services. TFA does receive software from the Frank Russell Investment Management Company. This software has a minimal value.

In addition, Schwab may provide access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available through Schwab include some to which TFA might not otherwise have access or

that would require a significantly higher minimum initial investment by its clients.

Schwab also makes available to TFA other products and services that benefit TFA by assisting TFA in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. TFA may use this research to service all or some substantial number of clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help manage and further develop TFA's business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to TFA. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide TFA with other benefits such as occasional business entertainment of its personnel.

In addition, TFAs receives a marketing allowance of \$2500 from Schwab due to the fact that it uses Schwab as a custodian and broker-dealer for some client accounts. TFA is free to use the allowance without direction from Schwab. Receipt of this marketing allowance may create a conflict of interest. However, TFA believes that the amount is minimal so as not to create a material conflict of interest.

## B. Directed Brokerage

TFA does allow client directed brokerage. Clients who direct their brokerage accounts to broker/dealers of their own independent choosing may not receive best execution of their trades in their transaction. They will not be able to avail themselves of TFA's block



trading in which share prices are averaged across client accounts participating in the block transactions.

#### C. Trade Aggregation

Generally, TFA will block all client security trades where there are multiple trades for a security for clients on a particular day. In these transactions, share prices are averaged across client accounts participating in the block transaction, however, commission prices are not. Commission prices vary due to asset size, trading volume, or the method of receipt of client statements and confirmations. Therefore, not all clients will pay the same commission price per trade on a blocked trade.

#### D. Brokerage for Client Referrals

Trinity Financial Advisors, LLC does not select or recommend a broker-dealer to receive client referrals, nor does it direct client transactions to a particular broker-dealer in return for client referrals.

#### E. Trade Errors

TFA corrects all trade errors through its Trade Error Accounts at Schwab or Fidelity. TFA shall be responsible for any losses in the accounts. At Fidelity, TFA shall receive any gains resulting from the correction of any trade errors which may or may not be remitted to the client. At Schwab, Schwab retains the gains from any correction of trade errors.

#### F. Best Execution with Bond Brokerage

Trinity Financial Advisors, LLC relies on the best practices policies of the bond brokerages we use to ensure that our clients obtain fair market value on all transactions. Trinity Financial Advisors, LLC uses the brokerages services of Bernardi Securities, Inc., BMO Capital Markets GKST Inc., and Performance Trust.

Bernardi Securities has processes in place to ensure that the execution price of any bond purchases by Trinity Financial Advisors, LLC on behalf of our clients are fair. These processes include reporting all trades to Municipal Securities Rulemaking Board (MSRB) or municipal bonds and Financial Industry Regulatory Authority (FINRA) for corporate and agency bonds. These agencies review all reported trades to ensure that the trade is within the parameters of what is considered fair market value. Additionally, Bernardi Securities, Inc. reviews all trades utilizing an in-house formula to review for excessive discrepancy in transaction prices against fair market values.

Since all bond trades are transacted using a specific CUSIP, par value can be determined for each offering. Both brokerages make every effort to purchase bonds as close to par value as possible. Additionally, Trinity Financial Advisors, LLC has the ability to independently check the EMMA, the electronic municipal market access server provided by the MSRB to obtain current and accurate market data on municipal bonds to verify bond prices. Trinity Financial Advisors, LLC can also review other bond offerings and verify pricing data at [investinginbonds.com](http://investinginbonds.com).

## **Review of Accounts**

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Ongoing financial planning clients' accounts are reviewed two times per year. For certain engagements, there is a meeting and review early in the year for cash flow and tax planning. Meetings also may occur during the year to review goals, estate plan, cash flow assumptions and investment strategy. Year-end tax planning and goal setting meetings may also occur. Other meetings will be held as necessary. The frequency and type of meetings depend upon the character of the engagement, such as a full service financial planning engagement, a one-time financial planning engagement, an investment management only engagement, etc. Investment advisory accounts are typically reviewed semi-annually.

Review of client accounts are assigned to a financial advisor who has supervisory responsibility over that account. All financial advisors are Certified Financial Planners®. All investment plans are reviewed by John Wimbiscus prior to distribution to clients.

Ongoing financial planning accounts receive at least an annual report reviewing the current situation as compared to the plan typically at each financial planning meeting. Account reviews are performed more frequently when market conditions dictate, or when a client's objectives change. A review may be triggered by client request, changes in market condition, new information about an investment, changes in tax laws, or other important changes.

All clients receive independent monthly statements from their custodians detailing client assets, transactions, and account balances. In addition, Trinity Financial Advisor, LLC provides written reports during client review meetings showing the current investments within the client's portfolio along with the published investment returns for the holdings in the portfolio. Trinity Financial Advisors, LLC may also provide a monthly report to clients summarizing the change in the client's investments and accounts.

For the reports received directly from TFA, we urge our clients to carefully compare the information provided on these statements with the custodial statements to ensure that all accounts transactions, holdings and values are correct and current.

Trinity Financial Advisors, LLC values client assets using Schwab Performance Technologies Portfolio Center®. The value of each account includes all accrued interest and/or dividends accrued in each account through the end of the month. This can potentially have a statistically significant impact on the reported performance for each account under management.

## **Client Referrals and Other Compensation**

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Generally, Trinity Financial Advisors, LLC does not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to clients.

In addition, Trinity Financial Advisors, LLC is in an arrangement whereby its services are listed on a website and the website host receives a referral fee for any clients who result from that introduction.

## **Custody**

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Trinity Financial Advisors, LLC does not have custody of client accounts with the exception of one irrevocable life insurance trust account. For this account we follow all the procedures required by Rule 206(4)-2 of the Investment Adviser's Act including a surprise audit and filing of the Form ADV-E.

Trinity Financial Advisors, LLC clients receive monthly statements on their accounts from their custodians. Any written reports from the firm include notification that clients should review our information to confirm that it agrees with the statements of their custodians.

## **Investment Discretion**

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TFA may exercise discretion over the specific securities to be bought or sold, the amount of securities to be bought or sold and the particular broker-dealer to be used for such transactions. TFA will have authority to exercise full discretion in the above-named factors without restriction. TFA also will observe any specific limitations imposed by the client in relation to this discretion. TFA does not accept non-discretionary accounts.

## **Voting Client Securities**

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Trinity Financial Advisors, LLC does not vote proxies on behalf of the Client.

TFA has a current proxy policy that is available upon request by clients. Unless TFA otherwise expressly agrees, in writing, TFA's duties shall not include the voting of proxies on behalf of the Client. With respect to those securities for which TFA's responsibilities do not include the voting of proxies, any parties responsible for distributing materials relating to corporate actions and voting will be instructed to send these materials directly to the separate account manager or the Client, as applicable.

## **Financial Information**

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Trinity Financial Advisors, LLC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. It has not been the subject of a bankruptcy petition.

Trinity Financial Advisors, LLC has no financial information to disclose.



## **Additional Information**

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### **TRINITY FINANCIAL ADVISORS, INC. PRIVACY POLICY**

#### **A Guide To How We Use And Protect Client Information**

Your personal and financial data is private information. Whether you are an existing customer or considering a relationship with us, protecting your privacy is our priority. In compliance with new privacy regulations, Trinity Financial Advisors, Inc. (“TFA”) is required to provide you an initial and annual notice informing you of your rights as a customer/consumer and our obligations as it relates to federal privacy laws enacted under Regulation S-P to protect information you provide to us.

#### **INFORMATION TFA COLLECTS**

This personal information, not available publicly, may come from the following sources of information that you may have provided us:

- Name and Address,
- Social Security Number and/or Taxpayer Identification Number,
- Assets,
- Income,
- Account Balance(s),
- Investment Activity, and
- Accounts at Other Institutions.

#### **WHY TFA COLLECTS PRIVATE INFORMATION**

In order to provide you with the best financial services and products available, we need to evaluate your information for any strengths or weaknesses. Our decisions regarding financial products and decisions must be based on sound judgments made from all the information you may have provided us. It also helps us service your accounts and administer our business.

For example, we use information about you to:

- Respond more accurately and efficiently to your requests.
- Identify opportunities to give you more convenience and control by developing products and services that may meet your objectives and benefit you.
- Secure your accounts and help protect you and TFA from fraud.

## **TFA SAFEGUARDS PERSONAL INFORMATION YOU PROVIDE**

You may rely on us to protect the personal and private information you have entrusted to us. Every precaution, in accordance with federal laws and regulations is used to limit access to personal information about you to those employees who need to know to assist us in providing products and services to meet your needs. TFA maintains internal physical, electronic and procedural safeguards to protect personal information about you. Some of the steps we take to safeguard information you provide us include the following:

- Information is provided only to those who have a legitimate reason to know. Employees of our office are required to adhere to company policies and procedures protecting customers'/consumers' information.
- From time to time, we may disclose your information to affiliated offices in order to determine which products or services are best suited to your needs. Employees of such affiliated offices are required to follow our company's policies and procedures in safeguarding your privacy.
- We may also provide information to nonaffiliated companies such as an insurance company to assist us in providing beneficial products or services to you. In such a situation, we will provide only the information necessary for that assigned purpose to the nonaffiliated company. Similar to our employees and those of our affiliated offices, we will require any non-affiliated office to follow company policies and procedures as well.
- In order to verify particular information, we may contact third parties such as third party administrators, insurance companies or physicians, etc]. We only contact the appropriate third party for verification. For instance, we would not ask for medical information when deciding the issuance of annuities of group pension products.
- In accordance with any state or federal laws, we may be required to release information in certain circumstances (i.e. protection against fraud).

Our company will maintain strict physical, electronic, and procedural measures to protect your information.

By law, we are required to notify you of our privacy policy on an annual basis. Although we reserve the right to change our privacy policy, we will tell you of the changes promptly.

Importantly, we want to assure you that we will not sell client information to anyone. Your rights as our customer/consumer are a priority to us.

## **TFA'S SHARING OF INFORMATION**

To protect you privacy, we limit the information we share both within and outside TFA. We conduct our business with great respect for the confidential nature of the information being provided. We will not share information about you, unless authorized by you, except as outlined below.

### **SHARING INFORMATION WITHIN TFA**

The sharing of information within TFA allows us to provide you with complete and superior service. We may share within TFA the information described above in the section captioned "Information **TFA** Collects." This includes information about your transactions or experiences with us, information you supply on your account applications, and information we receive from third parties.

You have the right to instruct us not to share among affiliated financial service companies certain information (other than information about our transactions and experiences with you) from your account applications or information we receive from third parties. If you do not want us to share this information about you, please mark below:

☐ **I do not want TFA to share my information.**

☐ **Initial**

☐ **Date**

Your request not to share this information will apply to all of your accounts with us, including any new account you open after your original request.

## **TFA SHARES INFORMATION WITH COMPANIES WHO HELP IT PROVIDE YOU SERVICES**

TFA may share the information described under the section "Information TFA Collects" with companies external to TFA to complete a transaction you have requested or to help us service your account. We may also share information with other financial institutions with which we have a joint marketing agreement. We are highly selective in choosing these companies. All companies with whom we do business are contractually obligated to comply with strict standards regarding security and confidentiality, and the information can be used only for the sole purpose of providing the service we have requested of the company to perform.

Examples of the type of outside companies with which we may share information include:

- Non-financial companies that perform services for us such as data processing and companies that perform marketing services on our behalf.
- Financial service providers, including broker-dealers and clearing firms.

## **SHARING INFORMATION IN OTHER SITUATIONS**

TFA may share the information described under the section captioned "Information TFA Collects" when we are permitted or required by law. Examples include responding to a subpoena, conducting a fraud investigation, or reporting to a credit bureau. We may also share this information when authorized by you.

## **AN ONGOING COMMITMENT TO YOUR PRIVACY**

We are just as committed to protecting the privacy of our former customers as we are our current customers. If you choose to close your account or become an inactive customer, you will continue to be protected by the privacy policies and principles described in this policy.

## **THANK YOU**

At TFA your business is important to us, and we promise to do our best to safeguard your financial assets and personal and financial information about you. If at any time we can help you further, please call us at (312) 245-1300.

For more information, please contact John Wimbiscus at the telephone number above.