

**Item 1: Cover Page**  
**Part 2A of Form ADV: Firm Brochure**  
**March 2019**

**Towerpoint Wealth, LLC**

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**Sacramento, CA 95814**  
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**<https://towerpointwealth.com/>**

**Firm Contact:**  
**Joe Eschleman**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Towerpoint Wealth. If clients have any questions about the contents of this brochure, please contact us at (916) 405-9140. 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 our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #288593.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Towerpoint Wealth is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since the firm's last Form ADV amendment, the following changes have been made:

We have moved into our new permanent office location at 500 Capitol Mall Suite 1060 Sacramento, CA 95814.

On August 21st, 2018, Joseph Eschelman and the Financial Industry Regulatory Authority ("FINRA") entered in an Acceptance Waiver and Consent for a violation of FINRA Rule 2510(b). As a result, Mr. Eschelman was fined \$5,000 and suspended in all capacities for 10 business days from any FINRA Member firm. More details are contained in Item 9, under the Disciplinary Information Section of this Brochure.

We have added additional disclosures surrounding our relationship with Dynasty Financial partners, LLC in Items 5 & 10.

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## Item 4: Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State of California in 2017 and has been in business as an investment adviser since that time. Our firm is wholly owned by Joe Eschleman.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

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

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#### **Wealth Management:**

As part of our Wealth Management service clients will be provided Wealth Management and financial planning or consulting services. This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. Our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is presented to the client, consisting of individual stocks, bonds, ETFs, options, mutual funds, annuities, and other public and private securities or investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives. Upon client request, our firm provides a summary of observations and recommendations for the planning or consulting aspects of this service.

#### **Financial Planning & Consulting:**

Clients may choose to engage our firm, separately from our Wealth Management services, to provide a variety of financial planning and consulting services for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Business and Personal Financial Planning.

Written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Our firm provides clients with a summary of their financial situation, and observations for financial planning

engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Assuming that all the information and documents requested from the client are provided promptly, plans or consultations are typically completed within 6 months of the client signing a contract with our firm.

### **Portfolio Monitoring:**

Our Portfolio Monitoring Service provides for general asset allocation guidance within parameters of a plan held with outside custodians. This service is solely consultative in nature and involves no on-going supervision, trading, or discretion with respect to securities transactions. Clients are responsible for placing and executing their own trades, either on their own or with another investment adviser. We provide non-continuous and periodic outside account monitoring.

TPW has entered into a contractual relationship with Dynasty Financial Partners, LLC (“Dynasty”), which provides TPW with operational and back office support including access to a network of service providers. Through the Dynasty network of service providers, TPW may receive preferred pricing on trading technology, reporting, custody, brokerage, compliance and other related services. Dynasty charges a “Platform Fee,” [which, unless otherwise disclosed, is included in TPW’s annual investment management fee described in Item 5 below]. In addition, Dynasty’s subsidiary, Dynasty Wealth Management, LLC (“DWM”) is an SEC registered investment adviser, that provides access to a range of investment services including: separately managed accounts (“SMA”), mutual fund and ETF asset allocation strategies, and unified managed accounts (“UMA”) managed by external third party managers (collectively, the “Investment Programs”). TPW and its clients may separately engage the services of Dynasty and/or its subsidiaries to access the Investment Programs.

DWM sponsors an investment management platform (the “Platform” or the “TAMP”) that is available to the advisers in the Dynasty Network, such as TPW. Through the Platform, DWM and Dynasty collectively provide certain technology, administrative, operations and advisory support services that allow advisers to manage their own portfolios more efficiently. TPW utilizes the model management feature of the TAMP by creating their own asset allocation models and underlying investments that comprise the models. Through the model management feature, advisers may be able to outsource the implementation of trade orders and periodic rebalancing of the model when needed.

### **Tailoring of Advisory Services**

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Our firm offers individualized investment advice to our Wealth Management clients.

Each Wealth Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

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Our firm does not offer or sponsor a wrap fee program.

## Regulatory Assets Under Management

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Our firm manages \$193,085,030 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2018.

## Item 5: Fees & Compensation

### Compensation for Our Advisory Services

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#### Wealth Management:

Assets Under Management	Annual Percentage of Assets Charge
First \$500,000	1.25%
Next \$500,000	1.00%
Next \$1,000,000	0.90%
Next \$3,000,000	0.75%
Next \$2,500,000	0.65%
Next \$2,500,000	0.55%
Next \$5,000,000	0.50%
Above \$15,000,000	Negotiable

Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals in excess of \$50,000 during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice or an internally prepared account statement/report to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

As discussed above, TPW uses Dynasty's TAMP services. TPW includes TAMP related charges in its fees, including the Platform Fee and the use of independent managers. TPW will pay a portion of the investment management fee to Dynasty and/ or the independent managers selected; however, you will not pay a higher fee as a result of our participation in the Investment Programs or any third-party manager relationship, unless otherwise disclosed. If Dynasty reduces its Platform Fee, which is paid by TPW, the Firm may receive more advantageous pricing in the future as assets allocated to the Investment Programs increase. This results in a conflict of interest where TPW invests client assets in programs with reduced Platform Fees that the Firm would otherwise be responsible for. TPW will only make investment recommendations that are in the best interest of clients.

**Financial Planning & Consulting:**

Our firm charges on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$350. Flat fees will not exceed \$10,000. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

**Portfolio Monitoring:**

The maximum annual fee charged for this service is negotiable and will not exceed 1.00%. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Some clients may be directly billed for our portfolio monitoring service. Our bill is due and payable within 30 days.

**Other Types of Fees & Expenses**

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Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

**Termination & Refunds**

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Either party may terminate the advisory agreement signed with our firm for Wealth Management services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

**Commissionable Securities Sales**

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Our firm and representatives do not sell securities for a commission in advisory accounts.

**Item 6: Performance-Based Fees & Side-By-Side Management**

Our firm does not charge performance-based fees.

## Item 7: Types of Clients & Account Requirements

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Corporations, Limited Liability Companies and/or Other Business Types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum account balance of \$250,000 for our Wealth Management or Wealth Management service. Generally, this minimum account balance requirement is negotiable.

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

### Methods of Analysis

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- Charting;
- Cyclical;
- Fundamental;
- Technical.

### Investment Strategies We Use

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- Long Term Purchases (Securities Held At Least a Year);
- Short Term Purchases (Securities Sold Within a Year);
- Trading (Securities Sold Within 30 Days);

### Risk of Loss

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#### *Market Risks*

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the



fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices 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 potentially 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. 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 20,000 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.

#### *Alternative (Illiquid) Investments*

Hedge funds, Private Placements, Real Estate Investment Trusts ("REITs"), Business Development Companies ("BDCs"), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.

#### **Description of Material, Significant or Unusual Risks**

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Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services, as applicable.

### **Item 9: Disciplinary Information**

On December 20, 2016 Joseph Eschleman exercised discretion without written authority when he sold a security in the Individual Retirement Account ("IRA") of customer GK in order to fund a required minimum distribution. On December 21, 2016, Eschleman again exercised discretion without written authority when he sold three securities from a trust account maintained by GK and

his wife YK (“Trust Account”). GK gave Eschleman verbal authority to exercise discretion in the IRA account in August 2016, and GK and YK gave Eschleman verbal authority to exercise discretion in the Trust Account in 2015.

Prior to his exercise of discretion on December 20 and 21, 2016, Wells Fargo managers had discussed with Eschleman on several occasions “the need to have proper authorization to place orders,” and the prohibition on exercising time and price discretion in customer accounts. Eschleman never received written authority to exercise discretion in either the IRA or the Trust Account and Wells Fargo never accepted either account as discretionary.

Eschleman consented to the imposition of the following sanctions:

- a suspension from associating in any and all capacities with any FINRA member firm for 10 business days; and
- a \$5,000 fine.

## **Item 10: Other Financial Industry Activities & Affiliations**

### **Registered Representatives of Broker Dealer**

Representatives of our firm, in their individual capacity, are registered representatives of Purshe Kaplan Sterling Investments member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client’s best interest and reminds clients that they are under no obligation to purchase any such commissionable securities or other products from Towerpoint Wealth representatives.

### **Relationship with Dynasty Financial Partners, LLC**

Towerpoint Wealth maintains a business relationship with Dynasty Financial Partners, LLC (“Dynasty”). Dynasty offers operational and back office core service support including access to a network of service providers. Through the Dynasty network of service providers, Towerpoint Wealth has access to discounts on trading technology, transition support, reporting, custody, brokerage, compliance, and other related consulting services.

While Towerpoint Wealth believes this open architecture structure for operational services best serves the interests of its advisory clients, this relationship may potentially present certain conflicts of interest due to the fact that Dynasty is paid by Towerpoint Wealth or its clients for the services referenced above. In light of the foregoing, Towerpoint Wealth seeks at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients’ best interests. Towerpoint Wealth does not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty’s platform. In addition, Towerpoint Wealth reviews all such relationships, including the service providers engaged through Dynasty, on a periodic basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

Dynasty's subsidiary, Dynasty Wealth Management, LLC ("DWM"), a registered investment adviser, also provides access to a range of investment services, including sponsorship of an investment management platform (the "Platform") that is available to its Network Advisers, such as Towerpoint Wealth. This Platform is offered in connection with Folio Dynamix, Inc. ("Folio"). By and through Dynasty's contractual relationship with Folio, it sponsors an advisory platform that provides certain technology, administrative, operations and advisory support services that, in certain instances, allow advisers to manage their own portfolios. Advisers can allocate all or a portion of client assets via the Platform. There is no form of legal partnership, agency, affiliated or similar relationship between Folio and Dynasty. Towerpoint Wealth may receive more advantageous pricing as assets managed via the Platform increase, which may pose a potential conflict of interest with the client, however the client will not pay an additional advisory fee as a result of Towerpoint Wealth's use of the Platform. Towerpoint will maintain discretion to select the individual investments within client portfolios managed via the Platform.

Dynasty has assisted Towerpoint Wealth in negotiating or facilitating payments from Schwab in the form of credits to be applied toward qualifying third-party service provider expenses incurred in relation to transition costs or the provision of core services. This may include, but is not limited to, support of Towerpoint Wealth's research, marketing, technology or software platforms. In some instances, Dynasty may serve in an administrative capacity to support the disbursement of these funds furnished by the custodian.

Finally, Dynasty has assisted the Firm in negotiating or facilitating payments from Schwab in the form of credits to be applied toward qualifying third party service provider expenses. In some instances, Dynasty may serve in an administrative capacity to support the disbursement of these funds furnished by Schwab. These benefits are further described in Item 12, below.

The Adviser and its representatives may refer clients to the Demand Deposit Marketplace Program (the "DDM Program") operated by Stable Custody Group II, LLC with administrative assistance from Reich & Tang Deposit Solutions, LLC. The Adviser may receive compensation for client participation in the DDM Program, such as an advisory fee and/or a percentage of the fee income generated through the DDM Program.

A recommendation by the Adviser that a client participate in the DDM Program presents a conflict of interest, as the receipt of related compensation may provide an incentive to recommend the product based on such compensation, rather than on a particular client's need. No client is under any obligation to purchase any products or services recommended by the Adviser or its representatives. Clients are reminded that they may purchase or select other potentially similar products or services recommended by the Adviser through parties from which the Adviser does not stand to receive any additional benefit or compensation.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the

underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage Firm**

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Towerpoint Wealth recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") for investment

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

management accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Towerpoint Wealth is independently owned and operated and not affiliated with Schwab. Schwab provides Towerpoint Wealth with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Towerpoint Wealth considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Schwab has also agreed to reimburse clients for exit fees associated with moving accounts to Schwab. The reimbursement is only available up to a certain amount for all of the Firm's clients over a twelve month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Towerpoint Wealth's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Towerpoint Wealth determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Towerpoint Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

#### **Client Transactions in Return for Soft Dollars**

Towerpoint Wealth receives from Schwab, without additional cost, administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Towerpoint Wealth to better monitor client accounts maintained at Schwab and otherwise conduct its business. Towerpoint Wealth receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Towerpoint Wealth, but not its clients directly. Clients should be aware that Towerpoint Wealth's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Schwab. In fulfilling its duties to its clients, Towerpoint Wealth endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Towerpoint Wealth receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are

maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Towerpoint Wealth by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Towerpoint Wealth in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to Towerpoint Wealth other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Towerpoint Wealth endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

In addition, the Firm receives benefits to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and other services or products. Firm receives benefits for every \$75 million in client assets held at Schwab up to \$225 million in assets during its first 12 months of business. Schwab pays the approved providers directly on behalf of the Firm.

Towerpoint Wealth does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Client Transactions in Return for Soft Dollars**

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Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

## **Special Considerations for ERISA accounts**

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Our firm provides investment management services for various clients. There are occasions on which A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Client-Directed Brokerage**

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Our firm does not allow clients to direct brokerage outside our recommendation. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

## **Aggregation of Purchase or Sale**

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Our firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when our firm believes that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **Item 13: Review of Accounts or Financial Plans**

Our management personnel or financial advisors reviews accounts on at least a quarterly basis for our clients with assets under our management. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis.

Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

## **Item 14: Client Referrals & Other Compensation**

### **Product Sponsor Funded Events**

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In an effort to keep our clients informed as to the services we offer and the various financial products we utilize, our firm occasionally sponsors events in conjunction with our product providers. These events are educational in nature, and are not dependent upon the use of any specific products. While a conflict of interest may exist given that these events are at least partially funded by product sponsors, all funds received from the sponsors are used for the education of our clients, and we will always adhere to our fiduciary duties in selecting appropriate investments for our clients.

Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

## **Item 15: Custody**

Our firm only maintains custody of client securities through standing letters of authorization, and we adhere to the below bullet points to avoid being held to the surprise examination requirement of the custody rule. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, Charles Schwab & Co.

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.



- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16: Investment Discretion**

Clients who wish to have us manage their assets are required to provide our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

## **Item 17: Voting Client Securities**

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## **Item 18: Financial Information**

### **Inclusion of a Balance Sheet**

Our firm does not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore our firm has not included a balance sheet for our most recent fiscal year.

### **Bankruptcy Petition**

Our firm has nothing to disclose in this regard.