

# **LONGVIEW FINANCIAL ADVISORS, LLC**

## **Form ADV Part 2A March 29, 2019**

This Brochure provides information about the qualifications and business practices of Longview Financial Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 944-2265 or [susan@longviewfin.com](mailto:susan@longviewfin.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 Longview Financial Advisors. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2      Material Changes**

This Brochure, dated March 29, 2019, replaces the version dated May 2, 2018, which included an update to **Item 5 – Fees and Compensation** to describe fees and expenses related to financial planning services.

You will receive a summary of material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, and we may provide other ongoing disclosure updates, as necessary. We will provide you with a new Brochure, as needed, at any time without charge. Our Brochure may be requested at any time by contacting us at (415) 944-2265 or [susan@longviewfin.com](mailto:susan@longviewfin.com).

## **Item 3      Table of Contents**

<b>ITEM 4 - ADVISORY BUSINESS.....</b>	<b>1</b>
<b>ITEM 5 - FEES AND COMPENSATION.....</b>	<b>1</b>
<b>ITEM 6 – PERFORMANCE FEES .....</b>	<b>3</b>
<b>ITEM 7 - TYPES OF CLIENTS.....</b>	<b>3</b>
<b>ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>3</b>
<b>ITEM 9 - DISCIPLINARY INFORMATION .....</b>	<b>5</b>
<b>ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>5</b>
<b>ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....</b>	<b>5</b>
<b>ITEM 12 - BROKERAGE PRACTICES .....</b>	<b>6</b>
<b>ITEM 13 - REVIEW OF ACCOUNTS .....</b>	<b>8</b>
<b>ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>9</b>
<b>ITEM 15 - CUSTODY .....</b>	<b>9</b>
<b>ITEM 16 - INVESTMENT DISCRETION.....</b>	<b>9</b>
<b>ITEM 17 - VOTING CLIENT SECURITIES.....</b>	<b>10</b>
<b>ITEM 18 - FINANCIAL INFORMATION .....</b>	<b>10</b>

## **Item 4 - Advisory Business**

Longview Financial Advisors, LLC. ("Longview" or "the Firm") was founded in 2018. The principal owner of the firm is Timothy C. Harrington.

### ***Investment Management and Advisory Services***

Longview provides personalized financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. In many cases, financial planning is part of the investment advisory services. We provide investment services in accordance with the investment objectives of each client. We assess client goals, resources, and risk tolerance at the outset, to develop a set of guidelines applied to account management on a discretionary basis. We evaluate investment objectives and goals in the course of client reviews, and in the interim when clients bring changes in their circumstances to our attention.

Longview provides investment advice and makes final investment decisions and brokerage selection under a limited power of attorney. The client always maintains asset control as their accounts are held by a qualified custodian. Longview does not take custody of or act as a custodian of client assets.

As of February 28, 2019, Longview has \$177,309,564 in discretionary assets under management and \$44,404,496 in non-discretionary assets under management.

## **Item 5 - Fees and Compensation**

The client's agreement establishes the specific manner in which Longview charges fees.

### ***Investment Management and Advisory Services***

Longview bills its clients quarterly in arrears based on the market value of managed assets on the last calendar day of the prior quarter according to the below fee schedule.

Longview bases its fees on a percentage of assets under management, hourly charges, and fixed fees. The length of service to the client is at the client's discretion. Upon termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the date of termination is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. Investment management fees are negotiable at Longview's sole discretion.

Clients are charged an annual management fee based on account size according to the following schedule:

### ***Annualized Investment Management Fees***

- For the first \$1,000,000 of assets under management, the annual percentage fee is 1.00% of these assets.
- For assets under management greater than \$1,000,000 and up to \$2,000,000, the fee is 0.75% of these assets.
- For assets under management greater than \$2,000,000 and up to \$5,000,000, the fee is 0.50% of these assets.

- For assets under management greater than \$5,000,000 and up to \$10,000,000, the fee is 0.40% of these assets.
- For assets under management over \$10,000,000, the fee is negotiable. For accounts under \$500,000, a minimum annual fee of \$5,000 may apply.

Longview does not deduct fees from clients' assets without their explicit written authorization.

*Mutual Fund Fees.* All fees paid to Longview for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Each fund's prospectus describes these fees and expenses. These fees will generally include a management fee, other fund expenses, and possibly a distribution fee. Accordingly, the client should review both the fees charged by the funds and the fees charged by Longview to understand fully the total amount of fees the client will pay and to evaluate our advisory services.

*Transaction Costs and Brokerage Fees.* All fees paid to Longview for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and mutual funds. Please see the section of this Brochure titled "Brokerage Practices" for a description of the factors that Longview considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

*Financial Planning Services Fees.* Longview may charge an additional fee for financial planning services for consultation and advice

provided beyond the normal scope of advisory services described above. These fees are negotiable and will vary depending on the complexity of the services provided.

*Other Fees.* All fees paid to Longview for investment advisory services are separate and distinct from service charges or account maintenance fees that may be charged by custodians. As described in more detail below in the section of this Brochure titled "Brokerage Practices," Schwab does not charge separately for custody services for Longview client accounts maintained in its custody.

Neither Longview nor any individual acting on behalf of Longview accepts compensation for the sale of securities or other investment products to our clients.

Longview may include mutual funds, ETFs, and other managed products or partnerships in clients' portfolios. Clients may be charged for the services by the providers/managers of these products in addition to the management fee paid to Longview. The fees and expenses charged by the product providers are separate and distinct from the management fee charged by Longview. These fees and expenses are described in each mutual fund's or underlying annuity fund's prospectus or in the offering memorandums of a partnership. These fees will generally include a management fee, other fund expenses and a possible distribution fee.

No-load or load waived mutual funds are used in client portfolios so there would be no initial or deferred sales charges; A client could invest in a mutual fund or investment partnership directly, without the services of Longview. Accordingly, the client should review both the

fees charged by the funds and the applicable program fee charged by Longview to fully understand the total amount of fees to be paid by the client and to thereby evaluate the Advisory services being provided.

If it is determined that a client portfolio shall contain corporate debt or other types of over the counter securities, the client may pay a mark-up or mark-down or a “spread” to the broker or dealer on the other side of the transaction that is built into the purchase price of the security.

### **Item 6 – Performance Fees**

Longview does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Longview may employ certain types of investments that do charge a performance fee in which Longview does not participate. For these investments, refer to their offering or private placement memorandum for an explanation and amounts of the performance fees.

### **Item 7 - Types of Clients**

Longview generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations or business entities. Client relationships vary in scope and length of service. provides investment advisory services to individuals, high net worth individuals, charitable institutions, and trusts.

Longview generally requires a minimum of \$2 million in managed assets for new advisory client relationships. At Longview’s sole discretion, account minimums may be waived.

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

*Investment Strategies.* Portfolio strategies may include long-term purchases, short-term purchases and margin transactions. The primary investment strategy used in client accounts is strategic asset allocation with an evidence-based approach. We use Dimensional Funds Advisors funds and passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds when in the Adviser’s opinion a more suitable passive investment does not exist. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client is asked to execute an Investment Policy Statement that documents their objectives and their desired investment strategy. The Adviser’s strategies do not involve frequent trading.

Portfolio construction is based on research done by Dimensional Fund Advisors, JP Morgan, AQR Capital Management and others. The core investment strategy is based on “three factor analysis” commonly referred to as Fama-French three factor analysis (named after the academics who did the original research) and is generally tilted toward small cap and value stocks. Longview also invests in companies domiciled outside the US and alternative investments through mutual funds and exchange traded funds. Longview primarily relies upon the financial press for

information and has no source of inside information. Adviser subscribes to academic research, fund company research, and to various publications and information services such as Morningstar, *Financial Planning Magazine*, *Investment News*, *The Wall Street Journal* and others. Longview principals also attend various meetings and conferences throughout the year to keep current on issues such as investments, tax and retirement plans. While Longview takes a long-term investment approach, accounts are set up to allow short-term liquidity. Leverage (margin borrowing) is not employed as an investment strategy but is often added to accounts as a feature to enable some convenience for client cash flow, expenses and tax management issues.

#### *Market, Security and Regulatory Risks.*

*Risk of Loss.* Investing in securities involves the risk of loss that clients should be prepared to bear, and there is no guarantee that the investment strategies implemented by Longview on behalf of clients will meet client objectives. Certain investment strategies may impose more risk than others due to the type and/or concentration of securities in the portfolio. A summary of some material risks involved in the investment strategies recommended by Longview is presented below.

*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.

*Small- and Mid-Cap Risk.* Longview may recommend investment strategies involving smaller and midsize companies whose securities tend to be more volatile and less liquid than securities of larger companies.

*Credit and Interest Rate Risk.* The market value of debt securities is affected by changes in prevailing interest rates and the perceived credit quality of the issuer. When prevailing interest rates fall or perceived credit quality improves, the market value of the affected debt securities generally rises. Conversely, when interest rates rise or perceived credit quality weakens, the market value of the affected debt securities generally declines.

*Currency & Foreign Securities Risk.* Longview's investment strategies may include recommending mutual funds that are permitted to buy and sell securities that are denominated in or tied to the currencies of the countries in which they are primarily traded. Foreign securities from a particular country or region may be subject to currency fluctuations and controls or adverse political, social, economic or other developments that are unique to that particular country or region. The currency risk may or may not be hedged, depending upon a manager's preference.

Depending upon the client need and investment mandate, Longview will evaluate the applicable risks and attempt to structure clients' portfolios in a manner consistent with their risk tolerance.

## **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any

legal or disciplinary events that would be material to the evaluation of Longview by existing clients or potential clients. The firm and employees have not been part of any legal or disciplinary events related to past or present investment clients.

## **Item 10 - Other Financial Industry Activities and Affiliations**

Neither Longview nor any associated person of Longview is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Longview nor any associated person is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

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

### **Code of Ethics**

Longview has adopted a Code of Ethics which establishes standards of conduct for the Firm's supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. The Code of Ethics requires supervised persons to report their personal securities transactions and holdings quarterly to the Chief



Compliance Officer (CCO), and requires the CCO to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the CCO.

Each employee of Longview is required to acknowledge the Code of Ethics in writing upon employment and upon revision. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting the CCO. Under the Code of Ethics, the Firm's managers, members, officers and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients.

If an issue is purchased or sold for clients and any of the Adviser, managers, members, officers and employees on the same day purchase or sell the same security, either the clients and the Adviser, managers, members, officers or employees shall receive or pay the same price or the clients shall receive a more favorable price. Longview and its managers, members, officers and employee may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Firm does not deem appropriate to buy or sell for clients. Clients and prospective clients may obtain a copy of Adviser's Code of Ethics by contacting the CCO. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

#### **Participation or Interest in Client Transactions and Personal Trading**

Under the Firm's Code of Ethics, Longview employees may invest personally in securities of the same classes as are purchased for

clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any Longview employees on the same day purchase or sell the same security, either the clients and the Adviser, managers, members, officers or employees shall receive or pay the same price or the clients shall receive a more favorable price. Longview employees may also buy or sell specific securities for their own accounts based on personal investment considerations which Longview does not deem appropriate to buy or sell for clients.

The Chief Compliance Officer of Longview is Tim Harrington. He reviews all employee trades each quarter (except for his own trading activity that is reviewed by another Access Person of the Adviser). The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment.

#### **Item 12 - Brokerage Practices**

Longview has the authority over the selection of the broker to be used and the commission rates to be paid without obtaining specific client consent. Longview recommends brokerage firms (qualified custodians) such as Charles Schwab. In such cases, our objective is to obtain the best combination of price and execution, not necessarily the lowest cost. We take into account a broker-dealer's execution capability, commission rates, responsiveness and trade support. While we seek competitive rates, in some cases rates will be less favorable for clients who use our recommended broker than for those who don't. We believe, in good faith, that the

commissions are reasonable considering the value of the brokerage, research and client services received.

### ***Advisor and Client Benefits***

Longview, along with most financial advisors, receives a variety of benefits from designated custodians at no cost, or in some cases at reduced cost. These benefits include:

- Access to institutional trading and custody services that are typically not available to retail investors.
- A dedicated trading desk, a dedicated service group, an account service manager, and electronic download of trades.
- Computer software and related systems support to enable better client service for client accounts housed at specific firms.
- Duplicate and batched client statements, confirmations, year-end summaries, and the ability to waive custodial or other fees.

The benefits of these products and services accrue regardless of the dollar amount or volume of transactions directed by Longview to each of the designated custodians.

As previously mentioned in this brochure, brokerage commissions and transaction fees are exclusive of, and in addition to, Longview's advisory fee. We have no direct affiliation or fee sharing arrangement with any broker-dealer for participation in their institutional offerings.

Longview staff may be offered the opportunity to attend conferences sponsored by discount brokerages or others, and to visit the offices of various mutual funds in order to perform due diligence. Research conducted on these visits

benefits all clients with accounts housed at these specific firms. Longview does not accept reimbursement of expenses while performing due diligence of select mutual funds or evaluations of brokerage firms.

As a result of its relationship with Schwab, Longview receives certain benefits, the primary benefit being access to the Schwab Institutional website and downloads that communicate with the Adviser's software for portfolio management and other technology that enables Adviser to serve clients. Schwab provides periodic reports that address contemporary financial services issues and compliance newsletters that assist Adviser in maintaining an up-to-date compliance program. Schwab also arranges group purchase discounts of some research subscriptions, but the value of those to Adviser are not significant as comparable discounts are available to non-Schwab Advisers.

Longview occasionally participates in conference calls hosted by Schwab that are helpful in running its business and in serving clients. Longview believes that Schwab's technology is state of the art for the way that Adviser manages client accounts and helps Adviser keep trading costs down. All clients benefit equally from this technology because it allows the Firm to execute transactions in the same manner in all accounts, to the extent that it is appropriate. Longview also receives some measurement of its business at Schwab and insight as to how its business compares with other comparable Advisory firms that use Schwab's services.

The Adviser's accounts may be deemed to be paying for research and related services (i.e.,

"soft dollars") provided by the broker which are included in compensation to the broker dealer and custodian. Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. It is Longview's policy and practice to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that the Adviser may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e) and the regulations promulgated thereunder. Longview makes no warranty or representation regarding compensation paid on transactions hereunder. In negotiating mark-ups or mark-downs, the Adviser will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided.

Neither Longview Advisors nor its officers are registered representatives of any broker/dealer and no broker/dealer is paid any referral fees or other income by

Longview, nor does Longview receive any fees from any broker/dealer.

### ***Order Aggregation***

Longview predominantly uses mutual funds and ETFs to execute its investment strategy for its clients. When trading mutual funds, it is generally the firm's practice to place orders in each client's account, as opposed to submitting a single order for multiple client accounts (a "block order").

### ***Client-directed Brokerage***

Longview does not accept client-directed brokerage arrangements.

### ***Directing Brokerage for Client Referrals***

Longview and its associated persons do not receive client referrals from broker dealers or third parties as consideration for selecting or recommending brokers for client accounts.

## **Item 13 - Review of Accounts**

### ***Periodic Reviews***

Longview continuously monitors the underlying securities within all advisory accounts. In addition, Longview reviews the accounts no less frequently than quarterly in the context of each client's stated investment objectives and guidelines, ensuring that the structure of the portfolio is consistent with these objectives. In addition, we measure clients' investment returns against the appropriate benchmarks in each asset class for the following time periods: current quarter, past twelve months, and inception to date.

### ***Review Triggers***

Material changes in variables such as the client's individual circumstances or the market, political, or economic environment may trigger more frequent reviews. The reviewer is Timothy C. Harrington (Managing Member).

### ***Regular Reports***

Individually managed accounts receive monthly reports from the custodian and quarterly reports from Longview. Clients are urged to compare the Longview reports to the statement they receive from the custodian. Longview reviews typically are distributed in the first 30 days following calendar quarter end. Alternatively, reviews may be conducted in person at Longview's office. Reviews include a listing of all values of assets managed by Longview plus performance reviews of each asset. The reviews may also include graphs showing the allocation of assets by type in the client portfolio.

### **Item 14 - Client Referrals and Other Compensation**

Longview has no arrangements, oral or in writing, where it directly or indirectly compensates any person for client referrals. Longview does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### **Item 15 - Custody**

Longview does not accept or permit employees to obtain custody of client assets. This includes a prohibition on obtaining custody of cash or securities, acting as trustee, providing bill paying services, obtaining password access to control account activity or

any other form of controlling client assets. All checks or wire transfers to fund client accounts are required to be made out to and/or sent to the account custodian.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Longview urges its clients to carefully review such statements and compare such official custodial records to the account statements that Longview provides. Longview's statements may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 - Investment Discretion**

Generally, Longview is retained with respect to its individual accounts on a discretionary basis and is authorized to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell
- The total amount of securities to buy or sell
- The broker-dealer through whom securities are bought or sold
- The commission rates at which securities transactions for client accounts are affected
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs

Investments for separately managed client accounts are managed in accordance with each client's stated investment objectives, strategies, restrictions, and guidelines.

Longview assumes discretion over the account upon execution of the advisory agreement with the client and upon notification from custodian that account is ready to trade.

### **Item 17 - Voting Client Securities**

Longview will not vote nor advise clients how to vote proxies for securities held in client accounts. The client retains the authority and responsibility for the voting of these proxies. Longview does not give any advice nor will it take any action with respect to the voting of proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically retains the authority and responsibility for the voting of any proxies for securities held in plan accounts. Longview promptly passes along any proxy voting information to the clients or their representatives. However, where required by regulation or law where an ERISA account is at issue, Longview will vote proxies and retain

records of the vote along with supporting documentation of the vote. Any client whose accounts are subject to proxy voting may request a copy of any voting records from CCO Timothy C. Harrington.

Each Longview client retains the sole authority to vote his or her securities with regard to proxies, tender offers and other corporate actions. Therefore, all mailings concerning these issues will be sent directly from the custodian(s) to the client. Longview will respond to specific inquiries from clients seeking additional information about or clarification of proxy issues, tender offers, or other corporate actions requiring shareholder approval.

### **Item 18 - Financial Information**

Longview does not require or solicit prepayment of fees from clients six months or more in advance.

Longview has no financial commitments that impair its ability to meet contractual commitments and fiduciary commitments to clients.

Longview has not been the subject of a bankruptcy proceeding.