



Holifield Financial Advisory Services, Inc.
dba Prosper Financial Advisers

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This Brochure provides information about the qualifications and business practices of Holifield Financial Advisory Services, Inc. dba Prosper Financial Advisers ("Adviser," "us," "we," "our"). If clients have any questions about the contents of this Brochure, please contact the Adviser at (727) 823-3801 or via email at rhondaholifield@prosperfinancialadvisers.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Holifield Financial Advisory Services, Inc. is also available via the SEC's website www.adviserinfo.sec.gov. Clients can search this site by using a unique identifying number, known as a CRD number. The CRD number for Holifield Financial Advisory Services, Inc. is 147874. The SEC's website also provides information about any persons affiliated with Holifield Financial Advisory Services, Inc. who are registered, or are required to be registered, as Investment Adviser Representatives of Holifield Financial Advisory Services, Inc.

Holifield Financial Advisory Services, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide clients with information that they may use to determine whether to hire or retain the Adviser.

Item 2 – Material Changes

Since the Adviser's annual amendment filing on March 19, 2019, the Adviser has made the following material changes to the Form ADV Part 2:

- The Adviser has reached the \$100,000,000 threshold and is applying for SEC registration.

This Item will always discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. The Adviser will also reference the date of the last annual update of the Adviser's brochure.

The Adviser will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the Adviser's fiscal year end. The Adviser may provide other ongoing disclosure information about material changes as necessary.

The Adviser will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, the Adviser's brochure may be requested by contacting Rhonda Holifield, President, at 727-823-3801 or rhondaholifield@prosperfinancialadvisers.com free of charge.

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Item 4 – Advisory Business

Prosper Financial Advisers is a registered investment adviser with the Securities and Exchange Commission (“SEC”). The Adviser was founded in 2008 by Rhonda K. Holifield. Prosper Financial Advisers (the “Adviser”) is the operating name for Holifield Financial Advisory Services Inc., which is wholly owned by Rhonda K. Holifield.

The Adviser provides financial planning, consulting and investment management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities. As part of its financial planning services, the Adviser gathers information regarding clients’ goals, financial concerns and financial status. This may include but is not limited to securing information regarding assets and liabilities, investments, income taxes, insurance policies and estate planning documents. In performing its services, the Adviser shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. The Adviser may make recommendations regarding many aspects of the clients’ financial lives. The Adviser may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if the Adviser recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Adviser under a financial planning/consulting engagement and/or engage the services of any such recommended professional, including the Adviser itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Adviser's recommendations. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Adviser if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Adviser's previous recommendations and/or services. Consulting services may be limited to one or two areas of a client’s financial concerns rather than providing comprehensive advice. The concerns to be addressed are part of the consulting agreement signed before the engagement.

The Adviser primarily recommends and allocates its clients’ investment management assets among mutual funds, exchange traded funds (ETFs) and individual debt securities in accordance with the investment objectives of each client. The Adviser also may advise clients on and recommend other securities, including individual equities, warrants, variable life insurance and annuities, partnership investments and separately managed accounts of independent investment managers.

The services the Adviser provides a particular client are determined through discussion with the client and are specified in the agreement signed before the engagement. These services may vary with the life stage, investment goals, income needs and/or risk tolerance expressed by the client. For example, one client may want assistance with cash flow management and college planning while another may request an investment consulting agreement. Clients may impose restrictions on investing in certain types of securities and or in specific individual securities. Clients are free to accept or reject investment recommendations. The Adviser may only implement its investment management recommendations after the client has arranged for and furnished the Adviser with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Charles Schwab & Co., Inc., (Schwab), any other broker-dealer recommended by the Adviser, broker-dealer directed by the client, trust companies,

banks etc. (collectively referred to herein as the “Financial Institution(s)”).

ERISA Fiduciary

Both parties acknowledge that if the Account is subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), the following provisions will apply:

- The Adviser acknowledges that it is a “fiduciary” with respect to the Client as that term is defined under Section 3(21)(A) of ERISA.
- The person signing this Agreement on behalf of the Client acknowledges its status as a “named fiduciary” with respect to the control and management of the assets held in the Account, and agrees to notify the Adviser promptly of any change in the identity of the named fiduciary with respect to the Account;

When delivering ERISA fiduciary services, the Adviser will perform those services for the retirement plan as a fiduciary, will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances.

Discretionary 3(38) Fiduciary Services

When a client engages the Adviser to perform “3(38) Fiduciary Services,” the Adviser acts as an “investment manager” (as defined in Section 3(38) of ERISA) with respect to the performance of discretionary fiduciary investment services. Under this arrangement the Adviser is appointed by the Plan Sponsor and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets.

The Adviser will review the investment options available to the Plan through documents provided by the Plan Sponsor. The Plan Sponsor retains all authority, responsibility and decision-making for investment options not available on the platform (i.e., “non-core” investment options, such as employer stock, plan loans, self-directed brokerage accounts, frozen guaranteed investment contracts, and life insurance).

The Adviser will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup. The Plan Sponsor will not have responsibility to communicate instructions to any third-party, custodian and/or third-party administrator.

The data used to determine the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create forward looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indexes that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio’s securities versus the securities comprising the various indexes and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to determine the investment line-up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.

The Adviser will also monitor the current managed investment line-up including the investment’s

performance compared to an applicable benchmark. If the Adviser determines that a fund no longer meets the criteria, they will select alternatives and replace them.

Wrap Fee

The Adviser does not sponsor or participate in a third-party sponsored wrap fee program.

Assets Under Management

As of May 16, 2019, the Adviser had a total of \$87,700,000 in discretionary assets under management and \$25,600,000 in non-discretionary assets under management.

If a client's account is managed on a nondiscretionary basis, the Adviser will not trade in the account without the client's express permission. If a client's account is managed on a discretionary basis, the Adviser will have the authority to make investment portfolio decisions without the client's prior approval of the specific transactions. However, all discretionary transactions will be made in accordance with the client's objectives and risk tolerance.

Item 5 – Fees and Compensation

Depending upon the engagement, the Adviser offers its services on a fee basis which may include hourly and/or fixed fees as well as fees based upon assets under management. Prior to engaging the Adviser to provide any of the foregoing investment advisory services, the client will be required to enter into one or more written agreements with the Adviser setting forth the terms and conditions under which the Adviser shall render its services (collectively the “*Agreement*”).

The Adviser may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). The Adviser will charge a fixed fee and/or hourly fee for these services. The Adviser's financial planning and consulting fees are negotiable, but generally range from \$500 to \$15,000 on a fixed fee basis and/or from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Adviser for additional investment advisory services, the Adviser may offset all or a portion of the financial planning fees based upon the amount paid for the investment management or consulting services.

In the event the client determines to engage the Adviser to provide nondiscretionary or discretionary investment management services, the Adviser shall do so on a fee basis. If engaged, the Adviser shall charge an annual fee based upon a percentage of the market value of the assets being managed by the Adviser. The annual fee is a percentage of assets of up to 1.00%. It may be less than 1.00%, and is negotiable, depending upon the market value of the assets under management and the type of investment management services to be rendered. The fee for discretionary retirement plan services is also 1.00% of the assets under management annually. As a condition for starting and maintaining a relationship, the Adviser shall generally impose a minimum quarterly fee of \$500.

Prior to engaging the Adviser to provide financial planning and/or consulting services, the client will generally be required to enter into a written agreement with the Adviser setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to the Adviser commencing services. Generally, the Adviser requires one-half of the financial planning/consulting fee (estimated hourly or fixed) payable upon entering the written agreement.

The balance is generally due upon delivery of the financial plan or completion of the agreed-upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates the Adviser's financial planning and/or consulting services, the balance of the Adviser's unearned fees (if any) shall be refunded to the client. If termination occurs within five business days of entering into an agreement for such services, the client shall be entitled to a full refund.

The investment management fee is charged quarterly in advance and is calculated on a prorated basis for periods of less than one quarter. The initial fee for a new investment management client shall be based on the amount of assets to be managed initially. Subsequent fees shall be based upon the average month-end balance of the client's assets in the preceding three (3) months. The Adviser's Agreement and/or the separate agreement with the Financial Institution(s) may authorize the Adviser through the Financial Institution(s) to debit the client's account for the amount of the Adviser's fee and to directly remit that management fee to the Adviser in accordance with applicable custody rules. The Financial Institution(s) recommended by the Adviser have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Adviser. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Clients may choose instead to pay by check upon receipt of an invoice.

Clients may incur certain charges imposed by the Financial Institution(s) and other third parties such as fees charged by Independent Managers, custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to the Adviser's fee, and the Adviser shall not receive any portion of these commissions, fees and costs.

The Adviser and its supervised persons do not accept compensation for the sale of securities or other investment products.

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

The Adviser does not charge any performance-based fees (fees based upon a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

The Adviser offers portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, trusts, estates, charitable institutions, foundations, endowments, and other U.S. and international institutions.

Additionally, the Adviser provides investment advisory services to the following types of clients:

- Tax-qualified retirement plans (both defined benefit and defined contribution) that are intended to receive favorable tax-treatment under section 401(a) or 403(b) of the IRC
- Other types of retirement plan as may be introduced to the Programs.

There is no minimum account size. However, the minimum quarterly fee of \$500 may have the effect of making the Adviser's service impractical for some clients, particularly those with portfolios less than \$200,000 under the Adviser's management. The Adviser, in its sole discretion, may waive its minimum annual fee based upon certain criteria including but not limited to anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

Prosper Financial Advisers reviews economic conditions, various fundamental factors and technical trends, as well as the client's goals and time horizon in formulating investment advice and managing assets. Economic conditions such as market interest rates may be considered in determining allocations among various types of investments. In recommending funds for individual portfolios, the Adviser may consider factors such as expense ratios, dividend yields, price volatility and performance relative to peers. The Adviser may review annual reports, research provided by others, financial newspapers and magazines, credit ratings and company documents in the selection of individual investments. Technical factors such as price trends may be used to determine points for buying or selling a security. The Adviser does not employ short-term trading strategies (selling securities in 30 days or less.)

Investing in securities involves risk of loss that clients should be prepared to bear. These risks take multiple forms, some of which will be discussed here. Stock market risk is the risk that stock market prices overall will decline. Interest rate risk is the risk that bond prices overall will decline because of rising interest rate. Income risk is the risk that a fund's income will decline because of falling interest or dividend rates. Company specific risk is the risk that a particular company or other issuer will not perform as well as its peers and its stock or bonds will decline in value. Investment style risk is the risk that particular sectors or asset classes chosen for investment will not perform as well as others. Index funds have index sampling risk, which is the risk that the performance of the securities selected for the fund will not match the performance of the target index.

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 a client's evaluation of Prosper Financial Advisers or the integrity of its management. Prosper Financial Advisers has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The firm does not have an application pending to register as a broker-dealer and no one associated with the firm is a registered representative of a broker-dealer.

The firm is not registered as and does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The Adviser does not have any relationship or arrangement that is material to the advisory business or to the clients including, a relationship or arrangement with:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading adviser
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships.

Item 11 – Code of Ethics

The Adviser has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Adviser or any of its associated persons. The *Code of Ethics* also requires that certain of the Adviser’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact the Adviser to request a copy of its Code of Ethics.

The Adviser and persons associated with the Adviser (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with the Adviser’s policies and procedures. However, unless specifically permitted in the Adviser’s Code of Ethics, none of the Adviser’s Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a reportable security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Adviser’s clients.

When the Adviser is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the Adviser is selling or considering the sale of any

security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Item 12 – Brokerage Practices

When recommending any broker-dealer to clients, the Adviser considers a number of factors including the broker-dealer's financial strength, reputation, execution, pricing, research and service. The commissions paid by the Adviser's clients shall comply with the Adviser's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Adviser determines, in good faith, that the commission is 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 broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Adviser will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests the Adviser to arrange for the execution of securities brokerage transactions for the client's account, the Adviser shall direct such transactions through broker-dealers that the Adviser reasonably believes will provide best execution. Transactions may be cleared through other broker-dealers with whom the Adviser and the *Financial Institution(s)* have entered into agreements for prime brokerage clearing services. The Adviser shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist the Adviser in its investment decision-making process. Such research generally will be used to service all of the Adviser's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. Clients might pay higher brokerage commissions (or markup or markdowns) if the Adviser determines that the broker-dealer's services and/or investment products benefit the firm and/or its clients despite the additional cost. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

Charles Schwab & Co., Inc. (Schwab) may provide the Adviser with certain brokerage and research products and services that qualify as "brokerage or research services" under the rules. These research products and/or services will assist the IAR in its investment decision making process. Such research generally will be used to service all of the IAR's clients, but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a

commission greater than another qualified broker-dealer might charge to affect the same transaction where the IAR determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Because soft dollar benefits could be considered to provide a benefit to the adviser that might cause the client to pay more than the lowest available commission without receiving the most benefit, they are considered a conflict of interest in recommending or directing custodial and third party managerial services. The Adviser mitigates these conflicts of interest through strong oversight of soft-dollar arrangements by the Chief Compliance Officer, in order to assure the soft dollar benefits, serve the best interests of the client.

There may other benefits from recommending Schwab or other third party managers such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business related services and technology with whom Holifield Financial Advisory Services, Inc. may contract directly. The Adviser may receive seminar expense reimbursements from product sponsors which may be based on the sales of products to their clients.

Soft dollar benefits may be proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

The Adviser may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Adviser's clients, 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. Holifield Financial Advisory Services, Inc. is independently owned and operated and not affiliated with Schwab. Schwab provides Holifield Financial Advisory Services, Inc. with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. 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 the Adviser's 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 Adviser other products and services that benefit the Adviser but may not benefit its clients' accounts. These benefits may include national, regional or the Adviser specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of the Adviser by Schwab Advisor Services 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 the Adviser 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 Adviser'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 Adviser's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to the Adviser other services intended to help the Adviser 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 Adviser by independent third parties. Schwab Advisor Services 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 Adviser. While, as a fiduciary, the Adviser's endeavors to act in its clients' best interests, the Adviser's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to the Adviser of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

The client may direct the Adviser in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Adviser will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by the Adviser (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Adviser may decline a client's request to direct brokerage if, in the Adviser's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless the Adviser decides to purchase or sell the same securities for several clients at approximately the same time. The Adviser may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Adviser's clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Adviser's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the

Adviser determines to aggregate client orders for the purchase or sale of securities, including securities in which the Adviser's Advisory Affiliate(s) may invest, the Adviser shall generally, do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Adviser shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Adviser determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Adviser may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

The Adviser does not receive client referrals from Schwab or other broker-dealers.

Item 13 – Review of Accounts

For those clients to whom the Adviser provides investment management services, the Adviser monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom the Adviser provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis upon request of the client. Such reviews are conducted by one of the Adviser's investment adviser representatives.

All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Adviser and to keep the Adviser informed of any changes thereto. The Adviser shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom the Adviser provides investment advisory services will also receive reports from the Adviser that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time. Those clients to whom the Adviser provides financial planning and/or consulting services will receive reports from the Adviser summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by the Adviser.

Item 14 – Client Referrals and Other Compensation

The Adviser does not pay for client referrals, nor does it receive any compensation for referring clients to others.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains clients' investment assets. Clients should carefully review those statements. Prosper Financial Advisers urges asset management clients to compare those statements to the quarterly statements of portfolio performance they receive from the Adviser.

ERISA 3(38)

If authorized by the Plan Sponsor, the Adviser has the ability to debit fees directly from the Plan Sponsor's custodian, however, the Adviser does not have authority to possess or take actual custody of clients' funds or securities. Plan Sponsors should receive at least quarterly statements from the custodian and should carefully review such statements.

Standing Letter of Authorization

Prosper Financial Advisers is deemed to have custody of client funds or securities as a result of maintaining standing letters of authorization (SLOA) for the purpose of distributing funds from a client's account. For those accounts in which the Adviser has the ability to initiate distributions from a client's account, via journal, ACH or wire to a third party, which is an account held in the name or registration of someone other than the client, the Adviser will ensure the following conditions have been met in order for us to be in compliance with SEC and State Custody Rules and ensure the safe keeping of the client's funds:

1. The client must provide 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.
2. The client must authorize the investment adviser, in writing, either on the qualified custodian's form or separately on the Adviser's form, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian will perform 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.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. 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.
6. 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.

7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Automatic Deduction of Fees

Prosper Financial Advisers is deemed to have custody of client funds as a result of being able to deduct advisory fees from the Client's Account at the Custodian.

Item 16 – Investment Discretion

If clients choose to use the Adviser services, the Adviser may receive discretionary authority from clients at the beginning of the advisory relationship to select the identity and amount of securities to be bought or sold. If clients do not elect to grant the Adviser discretionary authority, the Adviser will not trade in the client's account without their express permission. This information is described in the Advisory Agreement clients sign with the Adviser.

Item 17 – Voting Client Securities

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

Item 18 – Financial Information

The Adviser is required to provide you with certain financial information or disclosures about their financial condition. The Adviser has no financial commitment that would impair their ability to meet any contractual and fiduciary commitments to the client. The Adviser has not been the subject of any bankruptcy proceedings. In no event shall the Adviser charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.