



## LeafHouse Financial Advisors, LLC

### FORM ADV PART 2A – DISCLOSURE BROCHURE

*Effective: March 29, 2019*

This Form ADV 2A ("Disclosure Brochure") provides information about the qualifications and business practices of LeafHouse Financial Advisors, LLC ("LeafHouse" or the "Adviser"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (512) 879-1505.

LeafHouse is a registered investment adviser with U.S. Securities and Exchange Commission ("SEC"). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser does not imply any specific level of skill or training. This Disclosure Brochure provides information about LeafHouse to assist you in determining whether to retain the Adviser.

Additional information about LeafHouse and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD#149694.

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## Item 2 – Material Changes

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This brochure, dated March 29, 2019, replaces the version dated September 17, 2018. This item of the brochure discusses only the material changes that have occurred since LeafHouse's last annual update of this brochure, dated March 29, 2018.

LeafHouse may, at any time, update this brochure and either: (1) send you a copy; or (2) provide a summary of the material changes and offer to send you a copy of the ADV Part 2, provided the offer is accompanied by certain contact information. Since the last annual amendment, the following material changes were made:

- Item 5 - The Adviser has updated the fee range for Business and Non-ERISA Retirement Plans. Fees did not increase for existing clients.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD#149694. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (512) 879-1505. LeafHouse will provide a copy of its current brochure at any time without charge.

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### A. FIRM INFORMATION

LeafHouse Financial Advisors, LLC (“LeafHouse”) was formed in 2009 and is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). LeafHouse is a Limited Liability Company (“LLC”) formed under the laws of the State of Texas that conducts business in Texas and other states. LeafHouse is owned by LeafHouse Financial Group, LLC (which is owned by Todd Kading and Neal Weaver, both as Managing Members). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by LeafHouse.

The Adviser serves as a fiduciary to Clients, as defined under applicable laws and regulations. As a fiduciary, the Adviser upholds a duty of loyalty, fairness, and good faith towards each Client and seeks to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

### B. ADVISORY SERVICES OFFERED

LeafHouse offers investment advisory services to individuals, high net worth individuals, businesses, retirement plans, and other financial professionals in Texas and other states (each referred to as a “Client” and also referred to as “you” or “your”).

#### Financial Planning Services – By Invitation Only

LeafHouse (on a limited and selective basis) provides comprehensive financial planning and consulting services. A financial plan may include a review of a Client’s net worth (including assets and liabilities), objectives, risk tolerance, risk capacity, cash flow and expenses, income tax analysis, review and analysis of fringe benefits, retirement forecast and probability analysis, educational funding analysis, estate planning analysis, and risk management review. LeafHouse’s approach to providing this service starts with gathering the Client’s current financial and subjective information. LeafHouse assesses the Client’s goals, objectives, time horizon, and risk tolerance to compare where the Client is today in relation to the attainment of their stated goals. A comprehensive financial plan thereafter is prepared to discuss the Client’s situation.

In performing its services, LeafHouse entrusts that the Client will provide accurate information, and LeafHouse will not be obligated to verify any information received from the Client or from the Client’s other professionals. If requested by the Client, LeafHouse may recommend the services of other professionals for purposes of implementing the plan. The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from LeafHouse. Moreover, Clients are advised that it remains their responsibility to promptly notify LeafHouse if there is ever any change in their financial situation during the financial planning process.

Prior to rendering financial planning, LeafHouse will ascertain, in conjunction with the Client, the Client’s financial situation, risk tolerance, and investment objective(s).

#### Investment Advisory Services

LeafHouse provides continuous management of Client investment portfolios. LeafHouse has developed a Client service model that includes discovery, implementation, and monitoring components.

- **Investment Policy Statement** – Based on the information provided by the Client, LeafHouse will furnish the Client with an “Investment Policy Statement” as necessary, which summarizes the Client’s current investment portfolio, investment goals and objectives, and risk tolerance level. Working with the Client, LeafHouse will craft an investment plan for the Client.
- **Investment Selection and Implementation** – Upon completion of this investment profile information, LeafHouse will implement an investment plan for the Client and select an investment portfolio. LeafHouse may invest Client assets in a variety of instruments in order meet Client investment objectives. All investments are made with the Client’s risk tolerance in mind. LeafHouse may invest in stocks, bonds, options, mutual funds, or any other marketable security as deemed appropriate by LeafHouse.

- **Investment Monitoring and Maintenance** – LeafHouse will monitor investment portfolios to ensure that the portfolio meets the Client’s goals and objectives as well as appropriate benchmarks. Further, LeafHouse monitors each Client portfolio in order to ensure they are invested in accordance with LeafHouse’s firm-wide investment guidance and economic outlook.

It is the Client’s responsibility to notify LeafHouse promptly of any change to the information provided by the Client, including any change to any investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines, or reasonable restrictions. When providing Advisory Services to its Clients, LeafHouse will honor Client restrictions unless those restrictions impair LeafHouse’s ability to manage Client assets.

### **Business and Nonprofit Retirement Plans**

LeafHouse will work with business and nonprofit Clients to develop, design, and implement a retirement savings plan for its employees. LeafHouse provides objective financial advice to plan sponsors and senior management regarding issues involving benefit plan options, wealth accumulation strategies for employees, and participant education. LeafHouse will evaluate a sponsor’s current plan and recommend changes, if necessary. LeafHouse may also provide consulting regarding new plans for companies that have not previously offered retirement plan benefits.

### ***Non- Fiduciary Services for Retirement Plans***

- **Monitoring and Reporting Key Metrics** – Monitoring investments is an essential part of discharging your fiduciary responsibilities. Performance monitoring and reporting can assist you in making sure your investment decision-making is in line with your investment policy. LeafHouse assists you by tracking key metrics to confirm investment performance adheres to your Investment Policy Statement, identifying any areas of concern, and recommending changes as necessary.
- **Ongoing Fiduciary Governance\*** – If you are to have sound fiduciary discharge of your duties, you must establish a sound fiduciary governance system. The Adviser helps you develop and implement the optimal organization and governance design for your plan.
- **Vendor Search & Selection\*** – Selecting your 401(k) vendor is a serious fiduciary obligation. LeafHouse will assist in you developing your selection methods, guide you through the evaluation process, and help you manage the implementation process once you’ve made your decision. LeafHouse does not pick other service providers. The plan sponsor is responsible for service provider selection.
- **Fee Assessment/Negotiation** – As an ERISA fiduciary, you have an obligation to ensure that your plan’s fees and expenses are reasonable in light of the level and quality of services being provided. Typically, plan sponsors lose track of the total plan expenses. LeafHouse helps you uncover and document all the fees (both obvious and difficult) associated with your plan and recommend specific steps you can take to reduce those fees, if applicable. When appropriate, we will assist you in negotiating the fee arrangements.
- **Education of Employees\*** – In order to fulfill your fiduciary duties to your plan participants (and in order to provide a valuable benefit for your employees), you need to have a benefits education structure in place. LeafHouse will assist in providing both online and on-site education for your organization or help develop a plan to have a service provider educate the participants.
- **Outcomes-Based Design\*** – Keeping fees in line with service and making sure your investment and fiduciary process is operating properly are very important aspects of managing a retirement plan; however, they are only a part of what the ultimate goal of the retirement plan actual should be. The plan should help assure that employees are able to retire in a dignified manner. By focusing energy and output on developing proper Outcomes for participants, LeafHouse provides a large amount of value to the plan sponsor and the participants.

**\*These services do not apply to our Institutional Service Agreement.**

## ***Fiduciary Services for Retirement Plans***

- **Development of an Investment Policy Statement Development** – A written investment policy statement is the only way to demonstrate a thoughtful process that helps ensure that investment decisions are prudent and well informed. The Adviser helps you develop your overall investment policy approach and create your Investment Policy Statement, which describes the procedures and metrics used to manage the investment process.
- **Initial Selection and On-going Monitoring of the Plan's Designated Investment Alternatives ("DIAs")** – LHFA will review the investment options available to the Plan and will utilize quantitative analysis, and if deemed necessary by LHFA, a qualitative analysis. To the extent that LHFA has discretion, it will implement its recommendations. If LHFA does not have discretion, then it is to provide the Client with recommendations that meet the criteria set forth in the IPS.
- **Creation and Maintenance of Model Asset Allocation Portfolios ("Model Portfolios")** – If the Client desires, we may alternatively allocate among the Plan's approved DIAs or other funds to create either a target date glidepath model system or the following five (5) risk-based Model Portfolios to be offered to Plan participants through the Record-keeper's platform:
  - Conservative
  - Moderately Conservative
  - Moderate
  - Moderately Aggressive
  - Aggressive
- **Qualified Default Investment Alternative ("QDIA") Management** – LHFA will pick an appropriate QDIA for the plan. This investment will fit within the Department of Labor's guidance for such a choice.

### **Investment Management Model Programs**

LeafHouse manages investment model portfolios through its "Model Program." LeafHouse's investment strategies are offered to individual Clients as well as through other financial professionals. Investments in models are allocated and repositioned over time based on a Client's specific strategic allocation and tactical allocation adjustments. Clients are offered a model based on their investment objectives and tolerance for risk and include investments in mutual funds, exchange traded funds and other investment products.

Investors may be offered these strategies through independent financial professionals, who will serve as your relationship manager and assist with selecting an appropriate strategy based on an investor's financial situation, investment objectives, and risk tolerance. The Model Program may also be offered to you through an unaffiliated broker-dealer/custodian or investment adviser as part of their investment products, which may include self-directed 401(k) brokerage assets and/or retirement plan assets such as 403(b) and 457 plans.

Clients will enter into an investment advisory agreement with LeafHouse that defines the scope and terms the advisory relationship. This agreement will tell us which Model Program[s] you are selecting and authorize us with discretionary authority to allocate your account into the investment positions of the Model Program[s] you have selected and to continue to make reallocations according to the selected strategy. Clients may impose reasonable restrictions on LeafHouse Financial Advisors' management of your accounts. In addition, Clients may also hold non-managed securities in your account, depending on the arrangement with your financial professional. You or your financial representative can contact us at any time to inquire on the status of your account.

### **Third-Party Managed Assets**

In certain cases, LeafHouse and the Client may decide portfolio management by a third-party fund company is in the Client's best interest. In those cases, LeafHouse will work with the Client to determine the most suitable program in which the Client will invest. In selecting the appropriate third-party fund company, LeafHouse will adhere to the following process:

- **Determining an Investment Plan** – LeafHouse will formulate a long-term asset allocation strategy that specifies the percentage of assets to be invested among equity, fixed-income securities, and money market funds.

- **Selecting an Independent Manager** – Some Clients may require a highly focused investment style and/or investment strategy to best meet their goals. LeafHouse will access highly regarded portfolio managers throughout the country to specialize in particular investment styles, strategies, and asset classes.
- **Ongoing Investment Monitoring** – LeafHouse provides ongoing oversight of the Client's investment program, whether managed by LeafHouse or by a third party. All investments are monitored for performance relative to certain benchmarks and LeafHouse expectations.

All portfolios are rebalanced as necessary upon LeafHouse review. More or less frequent rebalancing may be required depending on macroeconomic, market, or sector factors.

## C. CLIENT ACCOUNT MANAGEMENT

### LeafHouse Managed Assets

LeafHouse generally only tailors advisory services to the individual needs of clients when providing financial planning services. Prior to engaging LeafHouse to provide investment advisory services, the Client is required to enter into an investment management agreement with LeafHouse setting forth the terms and conditions of the engagement and the services to be provided. These services will include:

- **Determining Portfolio Asset Allocation** – LeafHouse will formulate a long-term asset allocation strategy that specifies the percentage of assets to be invested among equity, fixed-income securities, and money market funds.
- **Asset Allocation Recommendation** – LeafHouse will implement its recommended investment plan via an asset allocation model. Generally, portfolio management is done on a discretionary basis. Non-discretionary services are also available. LeafHouse will use the services of a discount broker-dealer to provide account custodial services and to effect trades.
- **Ongoing Investment Monitoring** – LeafHouse provides ongoing oversight of the Client's investment program. All investments are monitored for performance relative to certain benchmarks and LeafHouse expectations.

All portfolios are rebalanced as necessary upon LeafHouse review. More or less frequent rebalancing may be required depending on macroeconomic, market, or sector factors.

## D. WRAP FEE PROGRAMS

LeafHouse does not manage any proprietary wrap fee programs.

## E. ASSETS UNDER MANAGEMENT

As of December 31, 2018, LeafHouse has approximately the following assets under management:

Discretionary Assets	\$ 4,640,755,622
Non-Discretionary Assets	\$369,607,234.89
<b>Total</b>	<b>\$5,010,362,856.95</b>

Clients may request more current information at any time by contacting the Adviser.

## Item 5 – Fees and Compensation

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Adviser. Each Client shall sign one or more agreements that detail the responsibilities of LeafHouse and the Client.

## **A. FEES FOR ADVISORY SERVICES**

### **Investment Advisory Services**

LeafHouse's fee for investment advisory services varies based on the amount of assets managed by LeafHouse. Typically, fees are a fixed percentage of the assets under management. This fee includes all investment recommendations and portfolio implementation, unless the Client contract states otherwise.

The fees for investment advisory services will range between 0.25% and 2.00%. The fee will be negotiated by LeafHouse and the Client and will be based on a variety of factors, including; size of the portfolio, complexity of the Client's situation, portfolio restrictions, and reporting requirements, among other factors.

### **Model Programs**

The fees for Investment Management Model Programs will range between 0.15% and 0.35%, depending on the size of the Client's account and specific arrangements with financial professionals. The fee will be negotiated at the sole discretion of the Adviser.

### **Business and Non-ERISA Retirement Plans**

The fees for ERISA Fiduciary Services for Retirement Plans will typically be between 0.05% and 0.75%. The fee will be negotiated by LeafHouse and the Client and will be based on a variety of factors, including; number of participants, location of participants, size of plan assets, complexity of the Client's situation, portfolio restrictions, and reporting requirements, among other factors. LeafHouse may also negotiate a flat fee for these services. Flat fees will generally be between \$500 and \$200,000.

All securities held in a portfolio managed by LeafHouse will be independently valued by the Custodian.

### **Planning and Consulting Services**

LeafHouse's fee for planning and consulting services varies based on the services selected by the Client. LeafHouse will occasionally do financial planning and / or consulting and will charge clients a negotiated fee at the end of the engagement. This fee includes the preparation and presentation of a financial plan, as described in the Client agreement. For certain services, Clients may request certain tasks of LeafHouse for a contract year. Fees will generally be a fixed amount ranging from \$500 to \$10,000.

### **Hourly-Based Fee**

LeafHouse may render services on an hourly-fee basis. The fee for hourly services is \$200-\$400/hour. Hourly fees are recorded during the project work, and the Client will receive an invoice for the fee.

## **B. FEE BILLING**

### **Asset-Based Fee**

When fees are a fixed percentage of assets under management, such fees are based upon the account value on the last day of the prior quarter. Fees for investment management services vary depending on the amount of assets to be managed. Clients are invoiced quarterly in advance or in arrears, depending on the specific service model chosen. In all cases, the terms of the Client's fee and billing arrangements will be agreed to in writing. For accounts opened during the quarter, fees will be prorated to cover only that period during which the account was managed by LeafHouse.

Asset-based management fees will be calculated by the Adviser or its delegate and deducted from the Client's account[s] at the Custodian. The amount due is calculated by applying the agreed upon annual rate to the total assets under management with LeafHouse at the end of each quarter. Each billing will be for a single quarter, paid in advance or arrears. Clients will receive independent statements from the Custodian no less frequently than quarterly. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility.

### **Planning and Consulting Fees**

Once the flat-fee for a Client is determined, LeafHouse may bill up to 50% of the fee in advance of commencing any project work. The balance of the fee is due upon completion of the work agreed to by contract.



### **Hourly-Based Fee**

Clients paying by an hourly fee will be billed monthly, or upon completion of the work agreed to by contract. Hourly fees are documented during the project work, and the Client will receive an invoice for the fee. LeafHouse may bill up to 50% of the fee in advance of commencing any project work.

### **C. OTHER FEES AND EXPENSES**

Clients may incur certain fees or charges imposed by third parties, other than LeafHouse, in connection with investment made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian. The investment advisory fee charged by LeafHouse is separate and distinct from the custody and execution fees.

In addition, all fees paid to LeafHouse for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage, and account reporting), and a possible distribution fee. A Client may be able to invest in certain investments without the services of LeafHouse, but the Client would not receive access to Adviser and Institutional share classes. The Client also would not receive the services provided by LeafHouse, which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by LeafHouse to fully understand the total fees to be paid.

### **D. ADVANCE PAYMENT OF FEES AND TERMINATION**

#### **Advance Fees**

As noted, above, LeafHouse is compensated for certain services in advance of completing the work for which LeafHouse was engaged. LeafHouse may request to terminate the agreement at any time by providing advance written notification to the other party. The Client shall be responsible for all earned fees up to and including the effective date of termination. LeafHouse will refund any unearned, prepaid fees, based on the percentage of work not completed under the terms of the agreement.

#### **Termination**

Either party may request to terminate their investment advisory agreement with LeafHouse at any time by providing advance written notice to the other party as required by the Client's advisory agreement. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. LeafHouse will refund any unearned, prepaid fees, if any. The Client's investment management agreement with LeafHouse is non-transferable without the Client's prior consent. See 10.1 provision of Agreement for additional information.

Clients may terminate the investment management agreement without penalty (full refund or no fees due) within 5 business days of signing the Agreement if the LeafHouse Form ADV Part 2A was not delivered at least 48 hours prior to Client's execution of the Agreement.

### **E. COMPENSATION FOR SALES OF SECURITIES**

LeafHouse does not receive commissions or any compensation for transactions in any Client account. As a fee-only adviser, LeafHouse is paid only on the advice and investment management provided to Clients based on the assets under management in the Client's account(s).

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

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LeafHouse does not charge performance-based fees for its investment advisory services. The fees charged by LeafHouse are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

LeafHouse does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## Item 7 – Types of Clients

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LeafHouse offers investment advisory services to individuals, high net worth individuals, retirement plans, businesses, and other financial professionals in Texas and other states (each referred to as a “Client”).

The amount of each type of Client is available on LeafHouse’s Form ADV Part 1. These amounts may change over time and are updated at least annually by the Adviser. LeafHouse generally does not impose a minimum account size for establishing a relationship.

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

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### A. METHODS OF ANALYSIS

**Fundamental Analysis** – Generally, LeafHouse uses Fundamental Analysis in making investment decisions with respect to investments in equities, options, and fixed-income instruments. Fundamental Analysis is the process of looking at economic and business indicators as investment selection criteria. These criteria are usually ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. LeafHouse considers macroeconomic factors as well as issue-specific factors.

Macroeconomic factors considered by LeafHouse include, but are not limited to, general economic conditions, inflation trends, interest rates and the yield curve, market volatility and trends, and the monetary policies and legislative actions of certain countries.

Issue specific factors include, but are not limited to, earnings, cash flow, growth estimates and trends, management strength and stability, and the issuer’s credit rating.

Companies are deemed suitable for investment when they meet certain criteria to indicate that they are an otherwise strong firm, but for a variety of reasons, the value of the stock has been discounted by the broad market. Generally, LeafHouse seeks to invest in companies selling at a discount to their intrinsic value. This method is known generally as “value investing.”

**Technical Analysis** – Technical analysis is used for analyzing various economic and market trends. These trends, both short- and long-term, are used for determining specific trade entry and exit points and broad economic analysis. These trends may include put/call ratios, pricing trends, moving averages, volume, and changes in volume, among many others. These indicators do not speak to the financial health of a particular issuer. Rather, indicators are used to gauge market sentiment regarding a given issue. Technical analysis will be used primarily for the timing of a particular trade, and not security selection.

**Investment Manager Due Diligence** – LeafHouse generally invests its Clients’ assets with independent managers that pursue investment approaches that are diversified among multiple strategies, asset classes, regions, industry sectors, and securities. In selecting an Independent Manager and allocating assets to them, LeafHouse considers both quantitative and qualitative factors including:

- Relative performance during various time periods and market cycles
- Industry reputation
- Experience and training of staff investment professionals
- The clarity of, and adherence to, a viable investment philosophy
- Risk management process
- Portfolio management capabilities
- Fee structure
- Any other factor deemed appropriate by LeafHouse

LeafHouse may use various databases of information in order to facilitate the discovery process on each investment manager utilized by LeafHouse.

**Cyclical Investing** – Cyclical investing is an investing theory that certain companies/sectors tend to respond to economic conditions in predictable ways. Cyclical stocks are highly correlated with the market and general economic conditions. For

example, if the economy is weak and consumers are not spending money, cyclical stocks prices will tend to trend downward. As the economy moves through various conditions, so too will the cyclical companies. Some companies are known as counter-cyclical companies. These are companies that tend to move contrary to prevailing economic conditions. LeafHouse will analyze general market economic and market conditions, look for directional trends, and invest in companies expected to perform well under forecasted conditions.

## **B. INVESTMENT STRATEGIES**

LeafHouse structures portfolios using the various methodologies described above. Using a proprietary methodology, LeafHouse believes that Clients will benefit from having a portfolio of holdings invested in a variety of assets classes. To the extent that these asset classes are non-correlated, the portfolio will experience investment returns with mitigated risk.

LeafHouse generally does not maintain any fixed portfolios or strategies. Rather, each Client situation is assessed on an individual basis, and the appropriate investment program is implemented that best meets Client needs. LeafHouse will not pursue strategies that are highly speculative in nature.

## **C. RISK OF LOSS**

**General Investment Risks** – Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. LeafHouse will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk, and other factors to develop an appropriate strategy for managing a Client's account(s). Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). The Adviser shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Adviser of any changes in financial condition, goals, or other factors that may affect this analysis.

LeafHouse generally employs investment strategies that do not involve any significant or unusual risk other than domestic equity and international market risks. The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts.

### **Mutual Fund Risks**

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily; therefore, a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

### **ETF Risks**

The performance of ETFs is subject to market risk, including the possible loss of principal. ETF shareholders are 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 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 ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later. 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 50,000 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.

**Other Risks** - Please remember that different types of investments involve varying degrees of risk, including the possible loss of principal, and that past performance may not be indicative of future results. Therefore, it should not be assumed that future

performance of any specific investment or investment strategy (including the investments and/or investment strategies undertaken by LeafHouse) will be profitable.

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#### **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving LeafHouse or any of its Supervised Persons.** LeafHouse and its Advisory Persons value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any adviser or service provider with which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD#149694.

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

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Neither LeafHouse nor LeafHouse's Advisory Persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither LeafHouse nor LeafHouse's Advisory Persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

#### **Insurance Agency Affiliations**

Certain Advisory Persons of LeafHouse are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from their roles within LeafHouse. As insurance professionals, Advisory Persons may receive customary commissions and other related revenues from the various insurance companies whose products he/she sells. Some compensation may be in the form of sales incentives. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies, of which Clients should be aware. Clients are under no obligation to purchase any products recommended by LeafHouse employees when acting as independent insurance agents. Cross selling does not occur.

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

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##### **A. CODE OF ETHICS**

LeafHouse has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with LeafHouse (our "Supervised Persons"). The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. LeafHouse and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of LeafHouse associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code of Ethics, please contact us at (512) 879-1505. LeafHouse will provide a copy of its code of ethics to any client or prospective client upon request.

##### **B. PERSONAL TRADING WITH MATERIAL INTEREST**

LeafHouse allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. LeafHouse does not act as principal in any transactions. In addition, the Adviser does not act as the general partner of a fund or advise an investment company. LeafHouse does not have a material interest in any securities traded in Client accounts.

##### **C. PERSONAL TRADING IN SAME SECURITIES AS CLIENTS**

LeafHouse allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

#### D. PERSONAL TRADING AT SAME TIME AS CLIENT

While LeafHouse allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will LeafHouse or any Supervised Person of LeafHouse transact in any security to the detriment of any Client.**

### Item 12 – Brokerage Practices

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#### A. RECOMMENDATION OF CUSTODIAN(S)

LeafHouse does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize LeafHouse to direct trades to this Custodian as agreed in the investment advisory agreement. Further, LeafHouse does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where LeafHouse does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Adviser and will not incur any extra fee or cost associated with using a Custodian not recommended by LeafHouse. LeafHouse does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other Custodians. LeafHouse typically recommends to non-retirement plan Clients that they established their brokerage account(s) at Trade-PMR Inc. ("TradePMR"). TradePMR is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TradePMR offers to independent investment advisers services, which include custody of securities, trade execution, clearance, and settlement of transactions. LeafHouse receives some benefits from TradePMR through its participation in the program. LeafHouse considers a number of factors in recommending Custodians for its Clients' accounts, including, but not limited to, execution capability, experience and financial stability, reputation, and the quality of services provided. LeafHouse is not affiliated with or related to TradePMR.

Following are additional details regarding the brokerage practices of the Adviser:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an adviser enters into an agreement to place security trades with the broker-dealer/custodian in exchange for research and other services. LeafHouse does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian.

**2. Brokerage Referrals** - LeafHouse does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients other than financial planning clients are serviced on a "directed brokerage basis", where LeafHouse will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. Financial planning clients are maintained at Trade PMR.

The Adviser will not engage in any principal transactions (i.e., trade of any security from or to the Adviser's own account[s]) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). LeafHouse will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

#### B. AGGREGATING AND ALLOCATING TRADES

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. LeafHouse will execute its transactions through the Custodian as directed by the Client. LeafHouse may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## Item 13 – Review of Accounts

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### A. FREQUENCY OF REVIEWS

#### Financial Planning Clients

Financial plans are reviewed on an as needed basis, as determined by LeafHouse. Reviews may be more or less frequent depending on each Client's situation and financial circumstances.

#### Investment Advisory Clients

Investments in Client accounts are monitored on an ongoing basis by LeafHouse for adherence to investment strategy and Client Objective. Investment management and supervision over the securities contained in the Client's portfolio are performed in an ongoing basis by LeafHouse, as applicable.

### B. CAUSES FOR REVIEWS

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify LeafHouse if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic, or political events.

### C. REVIEW REPORTS

#### Financial Planning Reports

Financial plans established as an annual fee are reviewed and updated at least annually. LeafHouse will provide financial planning Clients a report summarizing LeafHouse's recommendations and any action required by the Client.

#### Investment Portfolio Reports

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions, and fees relating to the Client's account[s].

## Item 14 – Client Referrals and Other Compensation

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### A. COMPENSATION RECEIVED BY LEAFHOUSE

LeafHouse does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to its clients.

#### Participation in Institutional Adviser Platform

LeafHouse has established an institutional relationship with TradePMR ("Custodian") to assist the Adviser in managing Client account[s]. Access to the TradePMR platform is provided at no charge to the Adviser. The Adviser receives access to software and related support without cost because the Adviser renders investment management services to Clients that maintain assets at TradePMR. The software and related systems support may benefit the Adviser, but not its Clients directly. In fulfilling its duties to its Clients, the Adviser endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a potential conflict of interest since these benefits may influence the Adviser's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

### B. CLIENT REFERRALS FROM SOLICITORS

LeafHouse does not engage paid solicitors for Client referrals.

## Item 15 – Custody

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LeafHouse does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Adviser's fees, where applicable. All Clients must place their assets in a "qualified custodian". Clients are required to engage the Custodian to

retain their funds and securities and direct LeafHouse to utilize the Custodian for the Client's security transactions. For more information custodians and brokerage practices, see *Item 12 - Brokerage Practices*.

While LeafHouse does not have custody of Client funds or securities, payments of fees may be paid by the Custodian from the brokerage account that holds Client assets. In certain jurisdictions this may be deemed constructive custody. Prior to permitting direct debit of fees each Client provides written authorization permitting fees be made direct from the Custodian. LeafHouse will send the Client and the Custodian a bill showing the amount of the fee and the way in which it was calculated. The Custodian sends every Client an account statement not less than quarterly showing all account activity, including the amounts disbursed from the account to LeafHouse.

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## Item 16 – Investment Discretion

### **Discretionary Portfolio Management**

LeafHouse generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by LeafHouse. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Management Agreement containing all applicable limitations to such authority. All discretionary trades made by LeafHouse will be in accordance with each Client's investment objectives and goals.

### **Non-Discretionary Portfolio Management**

Non-discretionary portfolio management is understood to mean that LeafHouse must first get Client permission before placing any trades to buy or sell securities in a Client account. LeafHouse is free to determine the timing of a particular transaction; however, permission must first be obtained from the Client. Clients should be aware that delays in granting permission for a transaction may hinder LeafHouse's ability to effectively manage a portfolio.

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## Item 17 – Voting Client Securities

LeafHouse does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Adviser will assist in answering questions relating to proxies; however, the Client retains the sole responsibility for proxy decisions and voting.

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## Item 18 – Financial Information

Neither LeafHouse nor its management have any adverse financial situations that would reasonably impair the ability of LeafHouse to meet all obligations to its Clients. Neither LeafHouse nor any of its Advisory Persons has been subject to a bankruptcy or financial compromise. LeafHouse is not required to deliver a balance sheet along with this Disclosure Brochure as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance.