

## FINLEY FINANCIAL, LLC

1709 NE 27<sup>th</sup> Street, Suite B, McMinnville, OR 97128

503-474-3535

[jfinley@finleyfinancial.com](mailto:jfinley@finleyfinancial.com)

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This Brochure provides information about the qualifications and business practices of Finley Financial, LLC. If you have any questions about the contents of this Brochure you may contact us at 503-474-3535 or by email at [jfinley@finleyfinancial.com](mailto:jfinley@finleyfinancial.com) to obtain answers and additional information. Finley Financial is an investment advisor firm registered with the United States Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission.

Additional information about Finley Financial is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The date of our previous annual update to our Brochure was February 8th, 2023. Since that date we have made the following material changes to this Brochure:

Item 5: Our fee schedule was amended to reflect that we charge up to 1.50% annually for the assets we manage.

Item 7: Our minimum account requirement increased to \$1,000,000. However, under certain limited circumstances we may waive this requirement.

Please see Items 5 and 7 for additional details.

Our Brochure is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Finley Financial, LLC is 131442. We may provide ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information at any time without charge.

Currently, our Brochure may be requested by contacting Jay Finley at 503-474-3535 or by email at [jfinley@finleyfinancial.com](mailto:jfinley@finleyfinancial.com).

FINLEY FINANCIAL, LLC  
Part 2A of Form ADV – Firm Brochure

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**Item 4 – Advisory Business**

- A** Finley Financial, LLC (“Finley Financial” “we” “us” “Firm” and “Advisor”) is an Oregon limited liability company registered as an investment advisor under the laws of the Securities and Exchange Commission. Our principal place of business is located in McMinnville Oregon. Jay Finley is the President and sole owner of Finley Financial which was founded in 2004.
- B** In our investment advisory services offered to our Clients, we provide diversified portfolios customized to each Clients’ needs. We focus on asset allocation, providing structured portfolio management primarily using exchange trade funds (ETF’s) and mutual funds.
- C** Based on an evaluation of each Client, often in the form of a written and/or oral financial plan, Investment Policy Statement and asset allocation analysis, we construct portfolios to match our Client’s unique risk tolerance, financial objectives, and individual requirements. We believe that our use of low-fee, tax-efficient funds better enables our Clients to meet their financial goals. Once an individual Client’s investment parameters are established, we are disciplined about rebalancing the investments.
- D** We do not participate in any wrap-fee programs.
- E** We manage \$176,034,359 of Client assets on a discretionary basis. These amounts were calculated as of December 31, 2023.

## Item 5 – Fees and Compensation

- A** Finley Financial is a fee-only advisory Firm, meaning we are compensated only by our Clients and do not receive compensation or commissions from any other parties. We believe this method of compensation minimizes conflicts of interest.

In consideration for our services, Clients pay us a fee monthly in advance. The fee will be equal to the agreed upon rate per annum, based on the market value of Client's assets on the last day of the previous month.

Compensation to us for our services will be calculated in accordance with the Investment Advisory Agreement ("IAA") which is entered into with each Client. We reserve the right to amend the fee but only upon 30-days prior written notice to each Client. Advisory fees are negotiable on a per-client basis due to factors such as the complexity of the client financial circumstances and needs, relationships with other clients or employees of our firm, our expectation of future assets under management and other factors we deem relevant.

### STANDARD FEE SCHEDULE

We charge up to 1.50% annually for the assets we manage.

For purposes of determining value, securities, mutual funds and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded.

### Rollover Recommendations

As part of our investment advisory services to you, we may recommend that you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the ERISA and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (*i.e.*, receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of yours when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in your best interests;
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

As an alternative to providing you with a rollover recommendation, we may instead elect to take an entirely educational approach in accordance with the U.S. Department of Labor's Interpretive Bulletin 96-1. Under this approach, our role will be limited only to providing you with general educational materials regarding the pros and cons of rollover transactions. We will make no recommendation to you regarding the prospective rollover of your assets and you are advised to speak with your trusted tax and legal advisors with respect to rollover decisions. As part of this educational approach, we may provide you with materials discussing some or all of the following topics: the general pros and cons of rollover transactions; the benefits of retirement plan participation; the impact of pre-retirement withdrawals on retirement income; the investment options available inside your Plan Account; and high level discussion of general investment concepts (*e.g.*, risk versus return, the benefits of diversification and asset allocation, historical returns of certain asset classes, etc.). We may also provide you with questionnaires and/or interactive investment materials that may provide a means for you to independently

determine your future retirement income needs and to assess the impact of different asset allocations on your retirement income. You will make the final rollover decision.

- B** Our fees may be paid directly to us from the account by the custodian holding a Client's assets upon submission of an invoice to the custodian showing the amount of fees, the value of the Client's assets on which the fees are based, and the specific manner in which the fees are calculated. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account. Because Clients bear the responsibility for verifying the accuracy of fee calculations, they are urged to review the fee section of the account statements received from the third-party custodian of their account(s).
- C** In addition to our advisory fees, Clients may be required to pay brokerage commissions, stock transfer fees, mutual fund and/or ETF fees and charges, and other similar charges incurred in connection with transactions for their account. These fees are paid out of the assets in a Client's account and are in addition to the investment management fees paid to us.
- D** The market value will be construed to equal the sum of the values of all assets in the account. Fees for partial quarters at the commencement or termination of an Investment Advisory Agreement will be billed or refunded on a pro rata basis contingent on the number of days the account was open during the month. Monthly fee adjustments for additional assets received into the account during a month or for partial withdrawals will also be provided to Clients on the above pro rata basis.
- E** We are a fee-only investment advisory Firm paid on a percentage of Client assets managed or a flat fee. This means that no supervised person associated with us receives or accepts any compensation for the sale of securities or investment products.

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

We neither offer nor charge any performance-based fees for our services.



### Item 7 – Types of Clients

We provide investment advice to the following types of Clients:

- Individuals, including High Net Worth Individuals
- Trusts and Estates
- Small Businesses

Because each Client is unique we encourage involvement in the planning and processes involved in the management of their accounts. Such involvement does not have to be time consuming, however we want our Clients to remain informed and have a sense of security about their investments.

We generally set a minimum account requirement of \$1,000,000 as a condition for managing a Client's account. However, under certain limited circumstances we may waive this requirement.

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

- A** We construct portfolios primarily using ETF's and mutual funds. We believe these provide the best investment option based on diversification, low cost, tax efficiency and the investment community's inability to consistently outperform with active management strategies.

*The basic tenets under which Client portfolios are managed include the following:*

1. Modern Portfolio Theory, as recognized by the 1990 Nobel Prize will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns.
- Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual industry or security. It is, therefore, unlikely that portfolio managers will “beat the market” through skill.
- The structure of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities.
- For a given risk level, an appropriate combination of asset classes will maximize returns. Diversification helps reduce portfolio volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole.
- Portfolio risk can be reduced by increasing the diversification of the portfolio by selecting asset classes based on their correlation with the portfolio.

2. Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.

3. Equities offer the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).

4. Picking individual securities and timing the purchase or sale of investments in the attempt to “beat the market” are highly unlikely to increase long-term investment returns; they also can significantly increase transaction costs and taxes.

We primarily offer advice on ETF's and mutual funds. However, from time to time we may also provide advice on the following:

- Equity securities such as:
  - Securities traded over-the-counter
  - Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- United States government securities
- Options contracts on:
  - Securities

The primary investment strategies used to implement investment advice given to Clients include long-term (securities held at least one year) and short-term (securities sold within a year) purchases, taking into consideration a Client's tax situation when buying or selling securities and mutual funds.

- B** We will use our best judgment and good faith efforts in rendering services to our Clients. However, we cannot warrant or guarantee any particular level of account performance or that an account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Clients assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks.

Nothing in this Agreement shall relieve us from any responsibility or liability we may have under state or federal statutes.

Except as may otherwise be provided by law, we are not liable to Clients for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a Client's instructions; or
- Any act or failure to act by a custodian of a Client's account.

It is the responsibility of each Client to give us complete information and to notify us of any changes in financial circumstances or goals.

- C** As referenced above, our advisory services generally recommend a passive approach based on the science of the capital markets rather than speculation and market timing using primarily passive mutual funds and other index-based mutual funds.

**Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our Firm or the integrity of our management. We have no information to disclose applicable to this Item.

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

We do not participate in any other material activities and have no other financial industry affiliations to disclose.

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

- A** Finley Financial has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to Clients. Prompt reporting of internal violations is mandatory. A copy of the Code of Ethics is available to any Client or prospective Client upon request.
- B-D** Finley Financial or individuals associated with us may buy and sell some of the same securities for our own account that we buy and sell for our Clients. In all instances, where appropriate we will purchase a security for all of our existing accounts for which the investment is appropriate before purchasing any of the securities for our own account and likewise when we determine that securities should be sold where appropriate will cause these securities to be sold from all of our advisory accounts prior to permitting the selling of the securities from our accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our Clients.

We will disclose to Clients any material conflict of interest which could reasonably be expected to impair the rendering of unbiased and objective advice.

## Item 12 – Brokerage Practices

**A** Our Clients' assets are held by independent third-party custodians. Clients are not obligated to effect transactions through any custodian recommended by us. In recommending a custodian we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as:

- Price;
- The custodian's facilities, reliability, and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such custodian to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors that we consider to be relevant.

Finley Financial typically recommends Fidelity as the independent custody for clients as it has demonstrated to be a leader in the industry. We see no benefit to clients in recommending more than one custodian to clients as this could lead to two or more platforms and would thus increase complexity and required time to service clients. Using the above noted criteria Finley Financial re-evaluates the firm's relationship with Fidelity every year to determine if continuing to use Fidelity as a sole provider makes sense for clients. Because we typically recommend Fidelity, Finley Financial has an arrangement with Fidelity Brokerage Services LLC and National Financial Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides us with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include 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.

**B** We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for our other Clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law to the Client.

**Item 13 – Review of Accounts**

- A** Accounts are conducted and reviewed by Jay Finley. The frequency of reviews is determined by the Client's investment objectives and will occur no less than twice per year.
- B** More frequent reviews may also be triggered by a change in Client's investment objectives, tax considerations, large deposits or withdrawals, large sales or purchases or changes in macro-economic climate.
- C** All Clients receive portfolio and/or asset allocation reports informally during review appointments from Finley Financial. All Clients also receive account statements from the custodian of their accounts on a quarterly or more often basis.



**Item 14 – Client Referrals and Other Compensation**

Finley Financial does not utilize solicitors and does not have any referral or other compensation arrangements.

**Item 15 – Custody**

Except for having the ability to deduct our fees from a Client's third-party custodial account, we do not have custody of the assets in any Client accounts. Accordingly we have no liability to Clients for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a broker-dealer.

**Item 16 – Investment Discretion**

Except as otherwise instructed, Clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with our Statement of Investment Policy (or similar document used to establish a Client's objectives and suitability), without the Client's prior approval of each specific transaction. Under this discretionary authority, Clients allow us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and otherwise act on their behalf in most matters necessary or incidental to the handling of the account, including monitoring certain assets.

All transactions in the account are made in accordance with the directions and preferences provided to us by each Client. Clients execute instructions regarding our trading authority as required by each custodian.

**Item 17 – Voting Client Securities**

Unless specifically directed otherwise in writing by a Client, we are not authorized to receive and vote proxies on issues held in any Client accounts and we do not receive annual reports.

**Item 18 – Financial Information**

- A** We do not require prepayment of fees.
- B** As noted in Item 15 above, we do not have custody of Client's funds or securities excepting the ability to deduct fees. We have no financial commitments which would impair our ability to meet the contractual and fiduciary commitments to our Clients.
- C** We have never been the subject of any bankruptcy proceedings.