

# Tranquility Partners, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Tranquility Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (615) 432-5370 or by email at: [jcrawford@tranquilitypartners.com](mailto:jcrawford@tranquilitypartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Tranquility Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Tranquility Partners, LLC's CRD number is: 283478.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Tranquility Partners, LLC on 02/10/2023 are described below. Material changes relate to Tranquility Partners, LLC's policies, practices or conflicts of interests.

- Tranquility Partners, LLC has updated their Assets Under Management (Item 4.E).

## Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes.....	i
Item 3: Table of Contents.....	ii
Item 4: Advisory Business.....	1
A. Description of the Advisory Firm.....	1
B. Types of Advisory Services.....	1
C. Client Tailored Services and Client Imposed Restrictions .....	3
D. Wrap Fee Programs .....	3
E. Assets Under Management .....	3
Item 5: Fees and Compensation.....	3
A. Fee Schedule .....	3
B. Payment of Fees.....	5
C. Client Responsibility For Third Party Fees .....	5
D. Prepayment of Fees .....	6
E. Outside Compensation For the Sale of Securities to Clients .....	6
Item 6: Performance-Based Fees and Side-By-Side Management .....	6
Item 7: Types of Clients .....	6
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss.....	6
A. Methods of Analysis and Investment Strategies.....	6
B. Material Risks Involved .....	7
C. Risks of Specific Securities Utilized .....	9
Item 9: Disciplinary Information .....	11
A. Criminal or Civil Actions.....	11
B. Administrative Proceedings.....	11
C. Self-regulatory Organization (SRO) Proceedings .....	11
Item 10: Other Financial Industry Activities and Affiliations.....	11
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	11
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	11
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....	12
D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
A. Code of Ethics .....	12
B. Recommendations Involving Material Financial Interests .....	12
C. Investing Personal Money in the Same Securities as Clients.....	13
D. Trading Securities At/Around the Same Time as Clients' Securities .....	13
Item 12: Brokerage Practices .....	13
A. Factors Used to Select Custodians and/or Broker/Dealers .....	13

1.	Research and Other Soft Dollar Benefits.....	14
2.	Brokerage for Client Referrals.....	14
3.	Clients Directing Which Broker/Dealer/Custodian to Use.....	14
B.	Aggregating (Block) Trading for Multiple Client Accounts.....	14
Item 13: Review of Accounts.....		14
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	14
B.	Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	15
C.	Content and Frequency of Regular Reports Provided to Clients.....	15
Item 14: Client Referrals and Other Compensation .....		15
A.	Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	15
B.	Compensation to Non – Advisory Personnel for Client Referrals.....	16
Item 15: Custody .....		16
Item 16: Investment Discretion.....		17
Item 17: Voting Client Securities (Proxy Voting).....		17
Item 18: Financial Information.....		17
A.	Balance Sheet.....	17
B.	Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	17
C.	Bankruptcy Petitions in Previous Ten Years .....	17

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Tranquility Partners, LLC (hereinafter “Tranquility Partners”) is a Limited Liability Company organized in the State of Tennessee and, effective May 2018, became a Registered Investment Adviser with the United States Securities and Exchange Commission

The firm was formed in October 2015, and the principal owners are James Golladay Baker III and John Kerstan Crawford.

Tranquility Partners currently utilizes both Charles Schwab & Co., Inc. Advisor Services (“Schwab”) and Fidelity Brokerage Services LLC (“Fidelity”) as custodians for client assets.

### B. Types of Advisory Services

#### *Wealth Management Services*

Tranquility Partners offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Tranquility Partners creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Wealth management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Tranquility Partners evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Tranquility Partners will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Tranquility Partners seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Tranquility Partners’ economic, investment or other financial interests. To meet its fiduciary obligations, Tranquility Partners attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Tranquility Partners’ policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Tranquility Partners’ policy to allocate investment opportunities

and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Family Office Services Fees***

Tranquility Partners offers ongoing family office services. This includes: ongoing comprehensive financial planning; cash flow analysis; asset /investment analysis and monitoring; customized comprehensive reporting for all assets, assist in development and execution of wealth transition strategies; implementing charitable initiatives; and coordination with outside advisers to fully integrate estate, tax and investment strategies.

### ***Selection and Use of Other Advisers***

Tranquility Partners may recommend clients use third-party investment advisers ("Sub-advisers") which are approved by either or both of its principal custodians, Fidelity and Schwab. Tranquility Partners does not receive any compensation from the Sub-advisers to which it directs those clients and each client establishes a separate investment advisory arrangement with each Sub-adviser.

Before recommending such Sub-advisers for clients, Tranquility Partners will verify with the respective custodian that all such Sub-advisers are properly licensed, notice filed, or exempt in the states where Tranquility Partners is recommending the adviser to clients.

Tranquility Partners currently recommends the following firms as Sub-advisers for its clients:

- 1919 Investment Counsel
- Alliance Bernstein
- BlackRock
- Columbia Threadneedle
- Lord Abbett
- Lazard
- Neuberger Berman

### ***Services Limited to Specific Types of Investments***

Tranquility Partners generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, non-U.S. securities, venture capital funds and private placements. Tranquility Partners may use other securities as well to help diversify a client's portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

Tranquility Partners offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, investment constraints, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Tranquility Partners from properly servicing the client account, or if the restrictions would require Tranquility Partners to deviate from its standard suite of services, Tranquility Partners reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Tranquility Partners does not participate in any wrap fee programs.

## **E. Assets Under Management**

Tranquility Partners has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 538,557,989.00	\$ 19,093,225.00	December 2023

# **Item 5: Fees and Compensation**

## **A. Fee Schedule**

### ***Wealth Management Services Fees***

#### ***Asset-Based Fees for Assets Under Management***

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
The first \$10,000,000 of AUM	1.00%
\$10,000,001 to \$20,000,000	0.75%
\$20,000,001 to \$30,000,000	0.65%
Assets greater than \$30,000,000	0.50%

Clients may terminate the agreement without penalty for a full refund of Tranquility Partners' fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice (email notice will not suffice).

Tranquility Partners uses the value of the account as of the last business day of the prior billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

### ***Family Office Services Fees***

#### ***Asset-Based Fees for Assets Under Administration***

<b>Total Assets Under Administration</b>	<b>Annual Fee</b>
The first \$10,000,000 of AUA	0.45%
\$10,000,001 to \$20,000,000	0.40%
\$20,000,001 to \$30,000,000	0.35%
Assets greater than \$30,000,000	0.30%

Clients may terminate agreements without penalty for a full refund of Tranquility Partners' fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice (email notice will not suffice).

Tranquility Partners uses the value of the account as of the last business day of the prior billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

#### ***Clients utilizing both Wealth Management and Family Office services will be charged their combined AUM and AUA tiered fees minus 0.20%***

The fee schedules shown above are representative of the schedules available to most clients. Since we offer customized services, the rates for services offered to any particular client may vary from those shown above and will be documented in each client's Investment Advisory Contract and can be found in Exhibit II.

Clients may terminate agreements without penalty for a full refund of Tranquility Partners' fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice (email notice will not suffice).

Tranquility Partners uses the value of the account as of the last business day of the prior billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.



### ***Other Advisers Fees***

Tranquility Partners may recommend clients utilize third-party investment advisers ("Sub-advisers") which are approved by either or both of its principal custodians, Fidelity and Schwab. Tranquility Partners does not receive any compensation from the Sub-advisers to which it directs those clients. The Sub-advisers fees are generally negotiated by Tranquility Partners on each clients behalf and generally reduce the overall fee charged by Tranquility Partners. Accordingly, the combined fees will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and terms of payment of fees for third-party investment advisers will depend on the requirements of the specific Sub-adviser selected.

## **B. Payment of Fees**

### ***Payment of Asset-Based Wealth Management Fees***

Asset-based wealth management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

### ***Payment of Family Offices Fees***

Asset-based family office fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

### ***Payment of Other Advisers Fees***

Clients funds that are managed by Sub-advisers are segregated into specific, separately managed accounts ("Sub-advised SMA") where the investments are directed by the Sub-adviser. Fees are paid quarterly, either in advance or in arrears, depending on the requirements of each specific Sub-adviser. Fees for Sub-advisers services are withdrawn by each Sub-adviser directly from the Sub-advised SMA accounts. Tranquility Partners does not directly deduct the Sub-adviser's fees.

***Clients utilizing both Wealth Management and Family Office services will be charged their combined AUM and AUA tiered fees minus 0.20%***

Fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and

distinct from the fees and expenses charged by Tranquility Partners. Please see Item 12 of this brochure regarding broker-dealer/custodian.

#### **D. Prepayment of Fees**

Tranquility Partners collects fees in arrears. It does not collect fees in advance. Please see Item 5 B of this brochure with regard to payment of Sub-Adviser fees.

#### **E. Outside Compensation For the Sale of Securities to Clients**

Neither Tranquility Partners nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Tranquility Partners does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7: Types of Clients**

Tranquility Partners generally provides advisory services to High-Net-Worth Individuals, yet some of its clients do not meet that definition

#### ***Minimum Account Size for Wealth Management***

There is an account minimum of \$1,000 which may be waived by Tranquility Partners in its discretion.

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

#### **A. Methods of Analysis and Investment Strategies**

##### ***Methods of Analysis***

Tranquility Partners' methods of analysis include charting analysis, fundamental analysis, technical analysis, cyclical analysis, quantitative analysis and modern portfolio theory.

**Charting analysis** involves the use of patterns in performance charts. Tranquility Partners uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### ***Investment Strategies***

Tranquility Partners uses long term trading, short term trading, and margin transactions, currently. In the future, upon the request of clients, Tranquility Partners or its recommended Sub-advisers may use short sales and options trading (including covered options, uncovered options, or spreading strategies) to execute investment strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

Tranquility Partners' potential use of short sales, margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Tranquility Partners' use of short sales, margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100%

loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk,

sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Tranquility Partners nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Tranquility Partners nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

John Kerstan Crawford is an accountant and former business executive that has, in the past, consulted on an episodic and infrequent basis with operating companies that provide various healthcare services via Optra Partners, LLC. Mr. Crawford does not offer clients any services relating to his outside business activities.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Tranquility Partners may recommend clients utilize third-party investment advisers ("Sub-advisers") which are approved by either or both of its principal custodians, Fidelity and Schwab. Tranquility Partners does not receive any compensation from the Sub-advisers to which it directs those clients. The Sub-advisers fees are generally negotiated by Tranquility Partners on each clients behalf and generally reduce the overall fee charged by Tranquility Partners. Accordingly, the combined fees will not exceed any limit imposed by any regulatory agency.

There is no conflict of interest resulting from these Sub-adviser arrangements, since Tranquility Partners has no incentive to direct clients to the third-party investment advisers, as its overall fees are reduced by the amounts paid to the Sub-adviser. Tranquility Partners will always act in the best interests of each client, including when recommending Sub-advisers to clients.

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

### **A. Code of Ethics**

Tranquility Partners has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Tranquility Partners' Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

Tranquility Partners does not recommend that clients buy or sell any security in which a related person to Tranquility Partners or Tranquility Partners has a material financial interest.



### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Tranquility Partners may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Tranquility Partners to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Tranquility Partners will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Tranquility Partners may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Tranquility Partners to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Tranquility Partners will never engage in trading that operates to the client's disadvantage if representatives of Tranquility Partners buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on Tranquility Partners' duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and Tranquility Partners may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Tranquility Partners' research efforts. Tranquility Partners will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Tranquility Partners currently utilizes both Charles Schwab & Co., Inc. Advisor Services ("Schwab") and Fidelity Brokerage Services LLC ("Fidelity") as custodians for client assets.

### ***1. Research and Other Soft Dollar Benefits***

Tranquility Partners currently does not receive proprietary access to research, products, or other services from any of its broker/dealers in connection with client securities transactions (“soft dollar benefits”) consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. Tranquility Partners’ does not anticipate acceptance of these or other “soft dollar” benefits in the future.

### ***2. Brokerage for Client Referrals***

Tranquility Partners receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Tranquility Partners may permit clients to direct it to execute transactions through a specified broker-dealer, although, because of the relationships with Tranquility Partner’s custodians, this is rarely done, as Schwab and Fidelity execute transactions for accounts in their custody. If a client does direct brokerage, then the client will be required to acknowledge in writing that the client’s direction with respect to the use of brokers supersedes any authority granted to Tranquility Partners to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

Tranquility Partners does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for Tranquility Partners' advisory services provided on an ongoing basis are reviewed at least quarterly by one of its investment advisors: James G. Baker III, CEO; John K. Crawford, COO; or Jordan M. Baker, Vice-president; Tyler Cohen, Associate Vice-president, or James G. Baker IV, Associate Vice-president, with regard to clients’

respective investment policies and risk tolerance levels. All accounts at Tranquility Partners are assigned to one of these reviewers.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of Tranquility Partners' advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. Tranquility Partners will also provide at least quarterly a separate written statement to the client.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Charles Schwab & Co., Inc. Advisor Services provides Tranquility Partners with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes 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 Tranquility Partners' client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services 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 Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to Tranquility Partners other products and services that benefit Tranquility Partners but may not benefit its clients' accounts. These benefits may include national, regional or Tranquility Partners specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Tranquility Partners by Charles Schwab & Co., Inc. 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 Tranquility Partners 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, if applicable), provide research, pricing information and other market data, facilitate payment of Tranquility Partners' fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally are used to service all or some substantial number of Tranquility Partners' accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Tranquility Partners other services intended to help Tranquility Partners 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, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Tranquility Partners by independent third parties. Charles Schwab & Co., Inc. 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 Tranquility Partners. Tranquility Partners is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

Tranquility Partners does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, Tranquility Partners will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Tranquility Partners does not seek to be subject to the Custody Rule as promulgated by the United States Securities and Exchange Commission (SEC). Per information provided by the SEC, "the Custody Rule is designed to protect client funds or securities from being lost, misused, misappropriated or subject to investment advisers' financial reverses, including insolvency." Tranquility Partners maintains and adheres to policies and procedures designed to protect its client's assets in compliance with the Custody Rule.

## **Item 16: Investment Discretion**

Tranquility Partners provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Tranquility Partners generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

Tranquility Partners will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Tranquility Partners neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

Tranquility Partners has adequate capitalization or access to additional sources of capital to meet the minimum requirements as a Registered Investment Adviser with the SEC.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Tranquility Partners nor its management has any financial condition that is likely to reasonably impair Tranquility Partners' ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Tranquility Partners has not been the subject of a bankruptcy petition in the last ten years.