

Appian Way Financial LLC

Registered Investment Adviser

CRD #168109/SEC # 801-131263

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Form ADV Part 2A

Firm Brochure

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This brochure provides information about the qualifications and business practices of Appian Way Financial LLC. If you have any questions about the contents of this brochure, please contact Mr. Sheldahl, CFP®, our firm principal, at (626) 210-2660.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Appian Way Financial LLC is available on the SEC's website at www.adviserinfo.sec.gov. Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 168109.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

Item 2 - Material Changes

This Form ADV Part 2A firm brochure has been revised pursuant to Appian Way Financial LLC's registration as an investment adviser with the SEC, superseding previous versions of the firm's brochures. This document has been modified to address disclosure requirements for an SEC-registered firm and therefore clients and prospective clients are encouraged to review the document in its entirety. Updates include material changes to our reportable assets under management (Item 4), fee processing (Item 5), revised risk statements (Item 8), and how we serve client accounts (Items 15 and 16), among others.

The firm will update this document from time to time and will either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's public website: www.adviserinfo.sec.gov or may contact our firm at (626) 210-2660 to request a copy at any time.

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General Information

Throughout this document Appian Way Financial LLC shall also be referred to as “Appian Way Financial,” “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving of a single *person* as well as two or more *persons*. In addition, the term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

Our firm maintains a business continuity and succession contingency plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover.

Item 4 - Advisory Business

Description of the Firm

Appian Way Financial LLC is a California-domiciled limited liability company formed in 2013. We operate under the trade name Appian Way Financial. Our firm is not a subsidiary of, nor does it control, another reportable financial industry entity.

The firm's original registration as an investment adviser occurred in 2013 with the State of California, followed by the SEC during 2024. Appian Way Financial is notice-filed in California and we are exempt from registration and/or notice filing in other jurisdictions where our investment advisory business activities are conducted.¹

Kevin D. Sheldahl, CFP® serves as the firm's Principal, Chief Compliance Officer, and Managing Member. He maintains all interests (shares) in the firm. Information about Mr. Sheldahl's education and professional background may be found in his accompanying Form ADV Part 2B brochure supplement.

Description of Advisory Services Offered

Appian Way Financial provides a broad range of advisory solutions. For those interested in areas such as cash flow and budgeting, education funding, retirement planning, risk management, estate or tax planning, business consulting, as well as periodic investment advice, the firm offers *financial planning services*. If you have a need for ongoing and continuous supervision of your portfolio, the firm's *investment supervisory services* may be recommended.

During or prior to your first meeting you will be provided with a current Form ADV Part 3 (Form CRS) and Part 2A firm brochure, as well as our privacy policy statement. In addition, our firm will ensure we have disclosed any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should you wish to engage Appian Way Financial for advisory services, you must first complete a written client services agreement, thereafter, a more detailed discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc.

It is important that the information and/or financial statements you provide are accurate. Appian Way Financial may, but is not obligated to, verify the information you will provide, which will then be used in the advisory process. Depending on the scope of the engagement, you may be asked to provide current copies of the following documents early in the process:

- wills, codicils and trusts
- insurance policies
- mortgage information
- tax returns
- current financial specifics including W-2s or 1099s
- information on current retirement plans and benefits provided by your employer
- statements reflecting current investments in retirement and non-retirement accounts

¹ State jurisdictions where a firm is currently notice filed, can be determined via the SEC's website at www.adviserinfo.sec.gov.

- employment or other business agreements you may have in place, and
- completed risk profile questionnaires or other forms provided by our firm.

Financial Planning Services

Our financial planning services may be as broad-based or narrowly focused as you desire. The incorporation of most or all the listed components allows not only a thorough analysis but also a refined focus of your plans so that the firm is able to assist you in reaching your goals and objectives.

Cash Flow Analysis and Debt Management

A review of your income and expenses will be conducted to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used, or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. Recommendation may also be made with respect to appropriate cash reserves for emergencies and other financial goals, and a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

Risk Management

A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (self-insuring).

Employee Benefits

A review and analysis are made as to whether you, as an employee, are taking the maximum advantage possible in your employee benefits, offers advice on your employer-sponsored retirement plan or stock options, among other benefits that may be available to you.

Retirement Planning

Retirement planning services typically include projections of your likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, a recommendation may include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

Tax Planning Strategies

Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, recommendations may be offered as to which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation. Our firm does not provide tax preparation or accounting services, and we recommend our clients consult with their accountant or tax attorney. Contact information for an accountant or a tax attorney is available if you do not have one on retainer. We do not receive compensation for such referrals.

Education Planning

College funding advice may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the “pros-and-cons” of various college savings vehicles that are available.

Estate Planning

Review and advice usually involve an analysis of your exposure to estate taxes and your current estate plan; determining whether you have a will, powers of attorney, trusts and other related documents. Advice may include ways to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. A recommendation is often made that you consult with an attorney when you initiate, update, or complete estate planning activities, and you may be provided with contact information for attorneys who specialize in estate planning when you wish to hire someone for such purposes (we are not compensated for these introductions).

Business Consultation

Appian Way Financial is available to assist businesses in a variety of ways, to include risk management, general financial advice, as well as various benefit programs that can be structured to meet both business and personal retirement goals of business owners or key personnel. We do not serve as a retirement plan fiduciary, plan adviser or plan investment manager as defined in § 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA) or as an ERISA § 3(38), nor do we serve as ERISA § 3(16) plan third-party administrator.

Investment Consultation

Investment consultation services often involve providing information on the types of investment vehicles available, employee retirement plans and/or stock options, investment analysis and strategies, asset selection and portfolio design, as well as assisting you with your investment account if it is maintained at another broker/dealer or custodian. The strategies and types of investments that may be recommended are further discussed in Item 8 of this brochure.

Periodic Review

It is strongly urged that you notify the firm of any change in your circumstances and schedule a review any time there is such a change. An annual review should be considered even if there is not a substantial change, since tax and estate laws as well as investment vehicles are ever evolving.

Broad-Based v. Modular Financial Planning

A broad-based plan is an endeavor that requires detail, and certain variables can affect the cost involved in the development of the plan, to include the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, special needs of the client or their dependents, among others. While certain broad-based plans may require 10 or more hours to complete, complex plans may require more than 20 hours. Alternatively, you may request that the firm concentrate on reviewing only a specific area (modular planning), such as college funding, a portfolio allocation, or evaluating the sufficiency of your retirement plan. Note that when these services focus only on certain areas of interest, your overall situation or needs may not be fully addressed due to limitations you may have established. Whether a broad-based or modular plan has been created for you per your request, you will receive a summary of recommendations, offered guidance on the implementation of some or all of them, as well as an offer for periodic reviews thereafter (see Item 13). In

all instances involving our financial planning you will retain full discretion over all implementation decisions and are free to accept or reject any planning recommendation that has been made. Unless stated otherwise in your agreement with the firm, upon completion of your plan and its presentation or delivery of investment advice, your financial planning engagement is typically concluded.

Investment Supervisory Services

You may also engage Appian Way Financial to implement investment strategies that have been recommended to you. Depending on your risk profile, goals and needs, among other considerations, your portfolio will involve the employment of one or more investment strategies as well as either a broad range or more narrowly focused choice of investment vehicles as described in further detail in Item 8 of this brochure. Where appropriate, an investment policy statement (IPS) or similar document will be developed reflecting your investment objectives, time horizon, tolerance for risk, as well as any account constraints you may have for your portfolio. Your IPS will be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. Since the IPS will be largely a product of information and data you have provided, you will be responsible for reviewing and providing final approval of the document/plan.

As stated in your IPS or similar guiding document, we will account for any reasonable restrictions you may require for the management of your investment account(s). For example, you may prefer to avoid certain types of holdings within your portfolio (e.g., no “sin stocks” or international stocks). Please note that it will remain your responsibility to promptly notify the firm if there is any change in your financial situation and/or investment objectives for the purpose of reviewing, evaluating or revising previous account restrictions or investment recommendations.

The firm’s investment supervisory services are generally provided on a *discretionary basis* (defined in Item 16), but we will allow *non-discretionary* engagements on a limited basis. Our engagement typically includes:

- determination of risk tolerance
- investment strategy
- investment policy statement development
- asset allocation
- asset selection
- regular monitoring, and
- periodic rebalancing.

As of August 28, 2024, our firm had over \$121 million of reportable client assets under its management;² approximately \$119.4 million on a discretionary basis, and over \$1.7 million through non-discretionary agreements.

Our firm does not sponsor or serve as a portfolio manager in an investment program involving wrapped (bundled) fees for investment management and transactional costs.

Retirement Plan Advice and Rollovers

As a registered investment adviser, our firm is a fiduciary to every client, thus we are obligated to always act in our clients’ best interest. In addition to our fiduciary status as an investment advisory firm, when our firm provides advice to retirement investors, such as advice about an employer-sponsored retirement plan,

² Term “assets under management” and rounding to the nearest \$100,000 per the SEC’s *General Instructions for Part 2 of Form ADV*.

individual retirement account (IRA) or other qualified retirement plan, we may also be considered by the US Department of Labor and the Internal Revenue Service to be acting as a fiduciary under Title I of Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. These fiduciary obligations include requirements that we disclose our services and fees, conflicts of interest, and the reasons our recommendations are in the client's best interests.³ After an analysis of the client's situation and their retirement plan documents, we will consider relevant factors including but not limited to the following:

- alternatives to rolling the employer plan to an IRA, including leaving the money in an employer's retirement plan (if permitted); rolling the money to a new employer plan if available; or cashing out
- fees and expenses associated with both the employer's plan and the rollover IRA (or other alternatives such as noted above) and whether the employer currently pays for some or all of the plan's expenses
- different levels of services and investments available under the employer plan and the rollover IRA, and other alternatives
- whether the rollover is appropriate considering any additional costs and the resultant decrease in the client's return
- treatment of withdrawals under each alternative (e.g., penalties up to age 55 vs. 59½ years old)
- protection from creditors and legal judgments (unlimited vs. bankruptcy only; federal- and state-specific)
- required minimum distributions
- tax implications of rolling shares of employer stock, and
- impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (such as in an employer-sponsored § 403(b) plan account).

The potentially affected client will be made aware of conflicts of interest including but not limited to whether our firm will profit from a recommendation through financial planning and/or investment management fees, and whether services we offer are already provided by or available through the client's current retirement plan, and potentially at no additional cost.

Item 5 - Fees and Compensation

The services to be provided to you and their specific fees will be detailed in your engagement agreement. Published fees may be discounted at the discretion of our firm but they should not be considered negotiable. We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements or pre-existing relationships. Appian Way Financial strives to offer fees that are fair and reasonable considering the experience of our firm and the services to be provided to you. Similar services may be made available by other investment advisers at potentially a lesser fee.

Financial Planning Services

Hourly Fee

Appian Way Financial may be engaged for its financial planning services under an hourly fee arrangement. The hourly rate is \$250 per hour, billed in 30-minute increments and a partial increment (e.g., 12 minutes) may be treated as a whole increment. Prior to entering into an agreement with the firm you will receive an estimate of the overall cost based on your requirements and the time involved.

³ This Form ADV Part 2A firm brochure serves as our ERISA §408(b)(2) disclosure.

Fixed Fee

At our discretion we may offer you financial planning on a fixed fee basis, generally ranging from \$500 to \$5,000. The fee takes into consideration factors such as the complexity of your financial profile, the depth of services to be provided through the engagement, assets that comprise your overall portfolio, number of individual accounts comprising the portfolio, whether you or our firm will implement the transactions for your account(s), time involved in the engagement, among others, as well as whether the firm is being engaged for broad-based services.

An initial deposit of up to \$500 is required for our financial planning services, as defined in your agreement. Fees may be paid by check or teller's draft from US-based financial institutions. With a client's prior written authorization, payment may also be made by credit or debit card through a qualified, unaffiliated PCI compliant⁴ third-party processor, or withdrawal from their investment account held at their custodian of record. We do not retain debit or credit card information. The firm does not accept cash, money orders or similar forms of payment for advisory engagements. Fees are due as stated in your engagement agreement with the firm, typically upon delivery of your plan or investment advice.

Investment Supervisory Services

Investment supervisory services clients are assessed an annualized asset-based fee that will be calculated based on their account value(s) as of the last business day of each calendar quarter. These fees will be billed quarterly, in advance, per the following fee table:

Assets Under Management	Annualized Asset-Based Fee
\$0 - \$499,999	1.25% (125 basis points)
\$500,000 - \$2,999,999	1.00% (100 basis points)
\$3,000,000 - Above	0.75% (75 basis points)

Quarterly Fee Formula: ((quarter's end market value) x (applicable annualized basis points)) ÷ 4

Fee Example: An account maintaining \$200,000 of investible assets will be assessed \$625 (quarterly, in advance). Formula: (\$200,000 x 125 bps) = \$2,500 (annualized fee) ÷ 4 (quarters) = \$625 (quarterly fee).

For the benefit of discounting your asset-based fee, investment supervisory services accounts may be aggregated for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account. Should investment objectives be substantially different for any two or more household accounts, and requiring different investment approaches or operational requirements, the firm reserves the right to apply the fee schedule separately to each account.

The fee is billed quarterly, in advance, and payments will generally be assessed within 15 calendar days of the beginning of each billing cycle. Your first billing cycle will begin once your agreement is executed with the firm and your assets have settled into your separately identifiable account held by the custodian of record. Fees for partial quarters will be prorated based on the remaining days in the reporting period in which Appian Way Financial services the account.

⁴ We do not retain debit/credit card data. We discourage the use of interest-bearing credit cards for the payment of ongoing advisory fees. For an explanation of the term "PCI," the PCI Security Standards Council, and comprehensive standards to enhance payment card data security, go to https://www.pcisecuritystandards.org/security_standards/index.php

Accounts will be assessed in accordance with the values disclosed on the statement you will receive from your custodian of record for the purpose of verifying the computation of the advisory fee. In the rare absence of a reportable market value, we may seek a third-party opinion from a recognized industry source (e.g., public accounting firm), and you may choose to separately seek such an opinion as to the valuation of “hard-to-price” securities if necessary.

Your written authorization is required for the custodian of record to deduct advisory fees from the account. By signing our firm’s engagement agreement, as well as the custodian account documents, you are authorizing the custodian to withdraw our advisory fee, and the custodian will remit our fees directly to our firm. Alternatively, you may request to directly pay our advisory firm its fee in lieu of having the advisory fee withdrawn from an investment account. Your direct payment must be received by our firm within 10 calendar days of our invoice. The invoice will include the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, the amount of assets under management on which the fee was based, as well as the name of the account custodian. In all instances fees deducted from your account will be noted on account statements that you receive directly from the account custodian of record, and we encourage all our clients to review this information for accuracy.

Appian Way Financial will not be entitled to cash or other client assets held by the custodian of record except those monies owed to our firm in connection with its services. Subject to the custodian’s fee debit procedures, advisory fees will be payable first from free credit balances, if any, in the account(s) designated for payment and, second, from the liquidation of any money market funds. If such assets are insufficient to satisfy payment of the advisory fees, we require clients to authorize the firm (subject to suitability guidelines) to instruct the custodian to liquidate a portion of any asset in the applicable account to cover the advisory fee. In addition, the firm will charge a client for fees and assessments associated with checks that are returned for insufficient funds assessed by the custodian; including, but not limited to, custodial/clearing firm fees or charges.

Termination of Services

Either party may terminate the agreement at any time by communicating their intent to terminate in writing. You have the right to terminate the engagement without penalty within five business days after entering into the contract. Appian Way Financial will not be responsible for further planning advice, investment allocations, or transactional services (except for possibly limited closing transactions) upon receipt of a termination notice. It will also be necessary that our firm informs the custodian of record that the relationship between you and our firm has been terminated. We will return any prepaid, unearned fees (if any) within 30 days of termination notice.

If you terminate a planning service after this five business-day rescission period, we will assess our hourly fee (less any advance payment) for the time involved working on the plan up to the date of termination. We will provide you with a terminating invoice that contains the fee charged by our firm, the formula used to calculate our fee, the time period covered by the fee, the fee calculation itself, and the amount of unearned fees (if any) being returned.

If you terminate an investment supervisory services agreement after the five business-day rescission period, we may assess fees from either (i) as a new client, the date of the engagement to the date of the firm’s receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm’s physical or constructive receipt of written termination notice. We will send a terminating invoice that includes the final fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and, if applicable, the amount of assets under management on which the fee was based. We will also include the name of the custodian on the terminating invoice. Our final invoice will include the

amount of earned fees retained by our firm and the amount of any unearned fees being returned. We will send our terminating invoice to you concurrently with our request for payment of the advisory fee (if applicable). We urge all our clients to compare this information with the fees listed in their account statement. If our firm is unable to deduct its earned fees from a client's account at the custodian of record, then the firm's fee will be due upon the client's receipt of our firm's invoice.

Additional Client Fees

Any custodian transactional or brokerage services fees, individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder per the custodian of record's separate fee schedule. Fees paid by our clients to our firm for our advisory services are separate from any internal fees or charges a client may pay for mutual funds, exchange-traded funds (ETFs) or other similar investments. Additional information about our fees in relationship to our "brokerage practices" are noted in Item 12 of this document.

External Compensation Involving Securities

Our advisory firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid a commission on the purchase of a securities holding that is recommended to a client. We do not receive SEC Rule 12b-1 fees ("trails") from a mutual fund company that may be recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested investors are always encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges. Our clients have the right to purchase recommended or similar investments through their own service provider (i.e., brokers, agents, etc.).

When there is the potential for the receipt of a commission and other compensation via an insurance product transaction (e.g., fixed annuity, life insurance policy, etc.), an associate who is licensed as an insurance agent has an incentive to make such a recommendation based on the compensation they may receive rather than a client's needs. Our advisory firm and its associates take their responsibilities seriously and only intend to recommend investments, insurance, or advisory services we believe appropriate for each client. Please refer to Items 10 and 11 of this firm brochure, in addition to Item 4 of an associate's brochure supplement for details.

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

Our firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

Item 7 - Types of Clients

We provide our services to individuals, high net worth individuals, and charitable organizations. Appian Way Financial does not require minimum income levels, minimum level of assets or other conditions for its services. We may also decline our services to a prospective client for any non-discriminatory reason.

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

Methods of Analysis and Investment Strategies

Method of Analysis

When engaged to provide investment advice, we will first gather and consider several factors, including your:

- current financial situation
- current and long-term needs
- investment goals and objectives
- level of investment knowledge
- tolerance or appetite for risk
- restrictions, if any, on the management of your portfolio

Appian Way Financial generally employs fundamental and technical analyses. For example, fundamental analysis involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical analysis may involve studying the historical patterns and trends of securities and their markets to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. Research may be drawn from sources that include financial periodicals, economists and other industry professionals, corporate rating and timing services.

Investment Strategies

The firm employs a blend of active asset management, core + satellite, and value investing strategies to seek growth while concurrently managing risk through appropriate asset allocation. We recognize that each client's needs and goals are different; subsequently portfolio strategies and underlying investment vehicles may vary. The following defines the common strategies utilized within a client's portfolio, *in alphabetical order*:

Active Asset Management

A portfolio manager engaging in an active asset management strategy believes it is possible to create a profit from identifying or leveraging mispriced securities, or producing similar returns with less risk, or producing returns greater than a stated benchmark, such as a well-known index. For example, a "large cap stock" fund manager might attempt to outperform the Standard & Poor's 500 Index by purchasing underpriced stocks or derivative instruments representing these positions. At times, a portfolio manager may attempt to preserve capital during times of high-risk using cash and cash equivalents, and the percentage of account holdings invested in the market may vary substantially based on what is believed to be the prevailing risk in the market. For example, if a portfolio manager feels the risk in the stock market is low, he might increase exposure to equities to attempt to take advantage of growth opportunities. When risk in the stock market is considered high, all or a portion of the portfolio's equity exposure may be moved to more stable short-term fixed income instruments and cash equivalent alternatives to preserve capital.

Core + Satellite

This strategy blends passive (or index) and active investing, where passive investments are used as the basis or "core" of a portfolio and actively managed investments are added as "satellite" positions. With this strategy, the portfolio core holdings are indexed to potentially more efficient asset classes, while outlying

selections are generally limited to active holdings to outperform a particular category (sector), or a selection of positions to increase core diversification, or to improve portfolio performance. For example, the core of a portfolio may be built with low-cost index funds or ETFs; satellite holdings would include active investment managers (mutual funds) with unique strategies that are believed capable of adding value beyond a stated benchmark over a full market cycle. The core may represent most of the total portfolio, using primarily index funds or index-based ETFs. The remainder of the portfolio may then employ mutual funds or ETFs that take a shorter duration to assist in the over-or-under allocation to specific sectors, regions, assets classes, etc.

Value Investing

Value investing is a disciplined approach involving the purchase of securities that appear underpriced via fundamental analysis. This strategy focuses on acquiring above-average positions at below-average prices, with the belief that the market will eventually recognize and correct the undervaluation. The goal is to invest in companies with strong fundamentals, robust earnings potential, and sound management, while maintaining a margin of safety in the purchase price.

Investment Vehicles

We strive to create portfolios that contain investment vehicles that are diversified, tax-efficient, and low-cost investments whenever practical. Although it is common to find a broad range of index mutual funds or ETFs within a portfolio, certain accounts may necessitate holding actively managed mutual funds and individual equity (stock) positions. In addition, an account may also contain fixed income holdings, such as bonds, certificates of deposit (CDs) and money markets⁵ to create as broad a diversification as necessary to meet demands of the portfolio or to effectively employ pre-existing holdings within your account.

Investment Strategy and Method of Analysis Material Risks

The firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that an investment objective or planning goal will be achieved. As an investor you must be able to bear the risk of loss that is associated with your account, which may include the loss of some or your entire principal. Examples of such risk include:

Active Management Risks

A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. To meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

Company Risk

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

⁵ Appian Way Financial may recommend but does not distribute certificates of deposits, money market accounts or similar savings vehicles for client accounts. The firm is not a financial institution, is not a member of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association (NCUA), nor is required to be an FDIC or NCUA member. You may learn more about the FDIC or NCUA and how they serve financial institution depositors/members by going to their website at www.fdic.gov or www.ncua.gov. Securities recommended through our advisory firm are not FDIC or NCUA/NCUSIF-insured.

Core + Satellite Strategies

Strategies involving Core + Satellite investing may have the potential to be affected by “active risk” (or “tracking error risk”), which might be defined as a deviation from a stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align the stated benchmark. In these instances, a portfolio manager may choose to reduce the weighting of a satellite holding, utilize very active satellites, or use a “replicate index” position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

Financial Risk

Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Fundamental Analysis

The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security’s value. If a security’s price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Inflation Risk

Also called *purchasing power risk*, inflation risk is the chance that the cash flows from an investment will not be worth as much in the future because of changes in purchasing power due to inflation.

Management Risk

An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

Market Risk

This is also called systematic risk. In cases where markets are under extreme duress, many securities lose their ability to provide diversification benefits.

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

Socially Conscious Investing

If you require your portfolio to be invested according to socially conscious principles, you should note that returns on investments of this type may be limited and because of this limitation you may not be able to be

as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. There could be a more pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.

Value Investing

A portfolio employing a value-based investing strategy could be adversely affected by inaccurate or flawed financial information or statements. For example, a company may have accidentally (or fraudulently) erred while entering data into its financial statements, or inadequately defines its earnings, resulting in a faulty valuation of its stock. Other examples might involve a “value manager” overpaying for a holding, missing the timing of a buy or sell of a position, making it a less valuable aspect of the portfolio.

Security-Specific Material Risks

ETF and Mutual Fund Risk

The risk of owning ETFs and mutual funds reflect their underlying securities (e.g., stocks, bonds, derivatives, etc.). These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. Certain ETFs and indexed funds have the potential to be affected by “active risk,” a deviation from its stated index (e.g., S&P 500).

While many ETFs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be a holding within an ETF or mutual fund), may be considered “non-qualified” under certain tax code provisions. A holding’s QDI will be considered when tax-efficiency is an important aspect of the client’s portfolio.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark through the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to profit from, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is based on the fact that leveraged and inverse exchange traded funds “reset” daily, which means they are designed to achieve their stated objectives on a daily basis. It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks. Leveraged and inverse ETFs will not be used in portfolios where a “buy-and-hold” philosophy is important.

Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

Credit Risk

The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make

payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as mutual funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and typically have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

Duration Risk

Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

Interest Rate Risk

The risk that the value of the fixed income holding will decrease because of an increase in interest rates. The longer the maturity of the bond, the more sensitive its value is to changes in interest rates. Bond prices and interest rate changes are inversely correlated.

Liquidity Risk

The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

Reinvestment Risk

With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Index Investing

You will need to keep in mind that investment vehicles such as certain ETFs and indexed funds have the potential to be affected by "tracking error risk" (see earlier paragraph under *Core + Satellite Strategies*).

QDI Ratios

While many ETFs and index mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF or mutual fund portfolio), may be considered "non-qualified" under certain tax code provisions. A holding's QDI will be considered when tax-efficiency is an important aspect of the client's portfolio.

Item 9 - Disciplinary Information

Neither the firm nor its management has been involved in any material criminal or civil action in a domestic, foreign, or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

Item 10 - Other Financial Industry Activities and Affiliations

Internal policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. Appian Way Financial will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest which might reasonably compromise its impartiality or independence.

Our firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or as an associated person of such firms. We are not required to be registered with a FINRA or NFA regulated firm, nor do they supervise our firm, its activities, or our associates. Neither the firm nor its management is or has a material relationship with any of the following types of entities:

- accountant or accounting firm
- another investment adviser, including financial planning firms, municipal advisers, third-party investment managers (nor do we refer, select, or utilize their services)
- bank, credit union or thrift institution, or their separately identifiable department or division
- lawyer or law firm
- pension consultant
- real estate broker, dealer, or adviser
- sponsor or syndicator of limited partnerships
- trust company, or an
- issuer of a security, such as an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private equity/investment company, or a "hedge fund," or offshore fund).

Mr. Sheldahl (firm management) is a licensed insurance agent, is appointed with various unaffiliated insurance carriers, and earns commissions and renewal income if a client purchases an insurance or fixed annuity contract. This activity accounts for approximately two percent of his time each month during traditional business hours. Further information regarding this activity may be found in his accompanying Form ADV Part 2B brochure supplements. Whether Mr. Sheldahl is serving a client in one or more capacities, he will disclose in advance how he is being compensated and if there is a conflict of interest involving any advice or service he may provide. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service.

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

Appian Way Financial believes that business methodologies, ethics rules, and adopted policies are appropriate to eliminate or at least minimize potential material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. No set of rules can possibly anticipate or relieve all potential material conflicts of interest. We will disclose to our advisory clients any material conflict of interest relating to the firm or its representatives which could reasonably be expected to impair the rendering of unbiased and objective advice (such as roles described in Items 10 and an accompanying brochure supplement).

Code of Ethics Description

The firm has adopted a Code of Ethics that establishes policies for ethical conduct for all its personnel and accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, trading ahead of clients, circulation of industry rumors, and certain political contributions, among others. Our firm periodically reviews and amends the firm's Code of Ethics to ensure they remain current, and he requires all personnel to annually attest to their understanding of and adherence to the Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

Associates that are CERTIFIED FINANCIAL PLANNER™ Practitioners, such as Mr. Sheldahl, also adhere to the Certified Financial Planner Board of Standards, Inc.'s Code of Ethics. These standards can be found at cfp.net.

Statement involving the Firm's Privacy Policy

Appian Way Financial respects the privacy of all clients and prospective clients (collectively termed "customers"), both past and present. It is recognized that you have entrusted our firm with nonpublic personal information, and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- information provided to us complete their plan or investment recommendation
- information provided via engagement agreements and other documents completed in connection with the opening and maintenance of an account
- information customers provide verbally, and
- information received from service providers, such as custodians, about client transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- when required to provide services our customers have requested
- when our customers have specifically authorized us to do so
- when required during a firm assessment (i.e., independent audit), or
- when permitted or required by law (i.e., regulatory examination, lawful subpoena, etc.).

If it is necessary to share client non-public personal information with an unaffiliated third party, we will inform affected clients and ask permission granted via a signed statement. Unless this "opt-in" statement is signed, we will not share client non-public information with an unaffiliated third party.

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information. Within our firm, we restrict access to client information to staff that need to know that information. All personnel and our service providers understand that everything handled in our office is confidential and they are instructed to not discuss a client's information or situation with someone else unless they are specifically authorized in writing by the client to do so. This includes, for example, providing information to a family member.

The firm will provide its privacy policy at or prior to the initial meeting, and at any time, in advance, if the firm's privacy policies are expected to change.

Firm Recommendations and Conflicts of Interest

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial lending institution (e.g., bank, broker/dealer, etc.).

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a "related person" (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Our firm and/or its related persons may buy or sell securities that are the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time will our firm or any related party receive preferential treatment over our clients. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In order to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of client recommendations or trades, "cherry picking," trading on insider information, etc.), firm policy requires that we restrict or prohibit certain related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of an associate's accompanying Form ADV Part 2B brochure supplements for further details.

Item 12 - Brokerage Practices

Your accounts must be separately maintained by a qualified custodian (generally a broker/dealer, futures commission merchant, national bank, or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian or broker/dealer, there is not an affiliate that is a custodian or broker/dealer, nor does a custodian or broker/dealer supervise our firm, its activities, or our associates. We do not receive referrals from a custodian or broker/dealer, nor would client referrals a factor in our recommendation of a custodian or broker/dealer.

If we are engaged to provide an investment consultation component of our financial planning service, we may recommend the service provider where client assets are currently maintained. If a client prefers a new service provider, a recommendation made by the firm would be based on client need, overall cost, and ease of use.

We have entered into an agreement with Charles Schwab & Co., Inc. ("Schwab") to serve as custodian of record for our clients. Schwab is a FINRA and SIPC member,⁶ as well as an SEC-registered broker/dealer. While we recommend that you use Schwab as custodian, you must decide whether to do so, and you will open the account by entering into an account agreement directly with Schwab. We do not technically open the account for you, but we will assist you in doing so.

⁶ Appian Way Financial is not, nor required to be, a FINRA or Securities Investor Protection Corporation (SIPC) member. You may learn more about SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

If you do not wish to place your assets with Schwab as the custodian of record, we are unable to manage your account under our portfolio management services engagement and another service (e.g., financial planning engagement) would be necessary.

We seek to use a custodian who will hold client assets and execute transactions on terms that are overall advantageous when compared to other available providers and their services. Our firm considers a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for an account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, ETFs, etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients, and
- availability of other products and services that benefit us, as discussed below.

When your account is maintained at Schwab, you are typically not charged separately for custody services and Schwab is compensated by charging a commission or other fees on trades that Schwab executes or that settle into a Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain amount of clients' assets in accounts held at Schwab. This commitment benefits our client because overall commission rates are lower than they would be if we had not made the commitment. Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms similar to ours. They provide our firm and its clients with access to its institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available to us on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a certain level of our clients' assets in accounts at Schwab. If we have less than the desired amount of client assets at Schwab, they may charge us quarterly service fees that we pay from our operating account. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in previous paragraphs generally benefit our clients.

Schwab also makes available to our advisory firm other products and services that benefit us but may not directly benefit each client's account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements)
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts
- provides pricing and other market data
- facilitates payment of our fees from our clients' accounts, and
- assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise, such as:

- educational conferences and events
- technology, compliance, legal, and business consulting
- publications and conferences on practice management and business succession, and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, they may arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel. Some of the noted tools and services made available by Schwab may benefit our advisory firm but may not directly benefit a client account. Certain tools, services or discounts made available to our firm by our custodian benefit our advisory firm but may not directly benefit each client account. While our firm does not think these services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, certain jurisdictions where we serve client accounts believe they fall under this definition. The availability of these services benefits our firm because we do not have to produce or purchase them as long as clients maintain assets in accounts at our recommended custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than the client's interests in receiving favorable trade execution.

It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients' accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

Directed Brokerage

Not all investment advisers require their clients to direct brokerage, nor do we think our firm is involved in directed brokerage per industry definition. However, our operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades, whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian to our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described above from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on an account's cash balance.

Client accounts maintained at our custodian are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For accounts maintained at a custodian of the client's choice (e.g., held-away accounts), the client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked" or "batched" orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders, and our firm does not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No Action Letter, *SMC Capital, Inc.* A copy of the referenced No Action Letter will be provided upon request. Note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulations. Our clients will be informed, in advance, should trading practices change at any point in the future.

Item 13 - Review of Accounts

Schedule for Periodic Review of Client Accounts

Financial Planning

Periodic financial check-ups or reviews are recommended if you are receiving financial planning and investment consultation services, and it is recommended that this occurs at least on an annual basis whenever practical. Unless provided for in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at the then published rate. Reviews will be conducted by your assigned investment adviser representative and normally involve an analysis and possible revision of your previous financial plan or investment allocation. A copy of revised plans or asset allocation reports will be provided to you upon request.

Investment Supervisory Services

Investment supervisory services accounts are reviewed on a frequent basis by firm supervisory personnel, such as Mr. Sheldahl, and it is recommended that individual client reviews occur on at least an annual basis. A copy of a revised IPS or asset allocation reports will be provided to you upon request.

Review of Client Accounts on Non-Periodic Basis

Financial Planning

You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (i.e., changes in employment, an inheritance, the birth of a new child, etc.). Non-periodic reviews are also conducted by your assigned investment adviser representative, under a new or amended agreement, and will be assessed at the then published rate. A copy of revised plans or asset allocation reports will be provided upon your request.

Investment Supervisory Services

Additional account reviews by supervisory personnel and assigned investment adviser representatives may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. Accounts may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what has been deemed appropriate for the investment environment, given your stated tolerance for risk and investment objectives, may also trigger a review.

Content of Client Provided Reports and Frequency

Whether you have opened and maintained an investment account on your own or with our firm's assistance, you will receive account statements and trade confirmations sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held. You should carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

The firm may provide portfolio "snapshot" reports if engaged to provide periodic asset allocation or investment advice; however, ongoing performance reporting is not provided under an investment

consultation service engagement. For investment supervisory services accounts, our firm may provide quarterly reports or position performance summary reports, and annual realized gains/loss reports for taxable accounts. All firm performance reports (if any are provided) will be prepared in accordance with appropriate jurisdictional guidance. You are urged to carefully review and compare account statements that you have received directly from your custodian of record with any performance report received from our firm.

Item 14 - Client Referrals and Other Compensation

Please refer to Item 12 for information with respect to our relationship with our preferred custodian and the conflicts of interest it presents. In addition, if we receive or offer an introduction to a client, we do not pay or earn referral fees, nor are there established *quid pro quo* arrangements. Each client retains the option to accept or deny such referral or subsequent services.

Item 15 - Custody

Appian Way Financial does not take physical custody of a client account. Our clients' accounts must be maintained by an unaffiliated, qualified custodian. Accounts are not to be maintained by our firm or any associate of our firm. In keeping with this policy involving our clients' accounts our firm:

- restricts the firm or an associate from having general power of attorney over a client account
- restricts the firm or an associate from serving as trustee over a client account unless it is an immediate family member
- does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm
- prohibits the firm or an associate to have the client's bank or investment account access information (i.e., passwords and user identification)
- will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future, and
- prohibits associates from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have limited (aka. constructive or indirect) custody of an account since we may request the withdrawal of advisory fees from an investment account, we will do so only on the following terms:
 - ✓ our firm will possess written authorization from the client to deduct advisory fees from an account held by their custodian of record
 - ✓ we will send the client's qualified, unaffiliated custodian a notice of the amount of the fee to be deducted from the client's account, and
 - ✓ the client must be able to receive an account statement directly from the account custodian.
- does not allow standing letters of authority (SLOAs) unless the:
 - ✓ client provides written instruction to their qualified custodian that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed
 - ✓ client authorizes the firm in writing on their qualified custodian's form any power to direct transfers to the third party either on a specified schedule or from time to time
 - ✓ client's qualified custodian performs appropriate verification of the client's instructions, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer
 - ✓ client has the ability to terminate or change the instruction to the client's qualified custodian

- ✓ firm has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction
- ✓ third party is not a related party to our firm and is located at a different address as the firm
- ✓ client's qualified custodian sends the client a written initial notice confirming the instruction, and
- ✓ client is annually provided notice reconfirming their instructions.

Your account custodian will provide your account transaction confirmations and account statements, which includes debits and credits, as well as our firm's advisory fee for that period. Statements are provided on at least a quarterly basis or as transactions occur within your account. We urge all our clients to inform us if they are not receiving their trade confirmations or account statements from their custodian. Our firm will not create a separate account statement for a client nor serve as the sole recipient of a client account statement.

If you receive a report from any source that includes investment performance information, you should review and compare that report with your account statements that you received directly from your custodian of record.

Item 16 - Investment Discretion

Financial Planning Investment Consultations

Should you request our firm to assist you in any trade execution (including account rebalancing) during a financial planning investment consultation, it will only be done with your selected service provider and on a non-discretionary basis (defined below).

Investment Supervisory Services

Our firm generally conducts its investment management engagements on a discretionary basis. Via limited power of attorney signed by the client, discretionary authority allows our firm to determine the securities to be bought or sold for a client's account and the amount of securities to be bought or sold for a client's account without requiring the client's prior authorization for each transaction in order to meet stated investment objectives. This authority will be granted through the client's execution of both our engagement agreement and the selected custodian's account documents. Note that the custodian will specifically limit our firm's authority within an account to the placement of trade orders and the request for the deduction of our advisory fees.

Our firm prefers not to manage client accounts on a non-discretionary basis, but we may accommodate such requests on a case-by-case basis. Non-discretionary account authority requires a client's ongoing prior approval involving the securities to be bought or sold for a client's account and the amount of securities to be bought or sold for a client's account, including portfolio rebalancing. Non-discretionary engagement clients are required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account document that includes their limited power of attorney form or clause. It is important to note that due to a client's requirement for trading pre-approval, that client must make themselves continually available and keep our firm updated on their contact information so that instructions can be efficiently and timely effected on their behalf. In addition, non-discretionary accounts are generally unable to be aggregated (see Item 12) and may therefore be assessed higher trading fees or receive less favorable prices than those accounts where trade aggregation has occurred.

We will account for any reasonable restrictions involving the management of the client's account (i.e., avoiding international holdings, etc.). It remains the client's responsibility to notify us if there is any change in their situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings. Our clients retain the right to amend our account trading authority in writing.

Item 17 - Voting Client Securities

You may periodically receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should we receive a duplicate copy, note that we do not forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on your behalf, including accounts we have discretionary authority over; nor do we offer guidance on how to vote proxies. We will not offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. However, we will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

You will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings. You should consider contacting the issuer or your legal counsel regarding specific questions you may have with respect to a particular proxy solicitation or corporate action.

Item 18 - Financial Information

Our advisory firm will not take physical custody of client assets; we do not have, nor will we accept, the type of account authority to have such control.

We do not require that we collect fees from a client of \$1,200 or more for our advisory services that we have agreed to perform six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

Our firm and its management do not have a financial condition likely to impair our ability to meet commitments to clients, nor has the firm and our management been the subject of a bankruptcy petition or other material reportable financial event.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet for the firm is not required nor included in this brochure.