

# Front Porch Financial Advisory Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Front Porch Financial Advisory. If you have any questions about the contents of this brochure, please contact us at (980) 428-2297 or by email at: [geoff@frontporchfa.com](mailto:geoff@frontporchfa.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 Front Porch Financial Advisory is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Front Porch Financial Advisory's CRD number is: 311329.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 10/13/2024

## Item 2: Material Changes

The Front Porch Financial Advisory (“FPFA”) Firm Brochure provides you with a summary of FPFA’s advisory services and fees, professionals, certain business practices and policies, and actual or potential conflicts of interest among other things. Item 2 of the Firm Brochure is used to provide our clients with a summary of new and/or updated information.

FPFA is required to update certain information in the Firm Brochure at least annually within 90 days of our firm’s December 31 fiscal year end.

FPFA will promptly communicate a “material change” to clients by updating and distributing its Firm Brochure. Any such change will be summarized in Item 2. Examples of “material changes” requiring prompt notification include changes of ownership or control, location, disciplinary proceedings, significant changes to our advisory services or advisory affiliates, and any information that is critical to a client’s full understanding of the firm.

Changes since our last annual filing dated 02/04/2024, include:

- Clarification in Item 10 was made to remove any implication that Mr. Owen has the potential to earn commissions in his role with B&D Capital. Mr. Owen does not receive commissions from B&D Capital for any securities transactions.
- Mr. Owen has resigned from broker dealer B&D Capital Partners, LLC. (Item 10)
- FPFA may charge a fee for advising on 529 plans, custodial Roths, UTMA accounts, and donor advised funds (DAF’s). (Item 5)

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

FPF FA L.L.C. DBA Front Porch Financial Advisory ("FPFA") is a Limited Liability Company organized in the State of North Carolina. The firm was formed in November 2020 and the principal owner is Geoffrey H Owen.

### B. Types of Advisory Services

#### *Portfolio Management Services*

FPFA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. FPFA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

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

FPFA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. FPFA requests discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction, as well as to service the account(s) on the client's behalf. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client and executed by both FPFA and the client.

FPFA seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of FPFA's economic, investment or other financial interests. To meet its fiduciary obligations, FPFA attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, FPFA's 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 FPFA's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

#### *Financial Planning*

Financial plans and financial planning may include, but are not limited to: investment planning, insurance planning, tax concerns, retirement planning, college planning,

debt/credit planning, and unique situations (e.g., divorce, death, or wealth events). FPFA is not a tax advisor. FPFA is not a legal counsel.

### ***Participant Directed Retirement Plans***

FPFA provides advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between FPFA and the plan. For such engagements, FPFA assists the plan sponsor with the selection of an investment platform from which plan participants make their respective investment choices, and, to the extent engaged to do so, also provides education to assist the participants with their decision-making process regarding investments and plan features. The scope of such education may be through group or individual meetings and meetings may be conducted on-site, at FPFA's office, or by virtual conferencing. Examples of other responsibilities include enrollment assistance for employees, plan design guidance, plan service provider reviews, management of the conversion process for changes in investments or providers, market reviews, and legislation updates.

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

FPFA generally limits its investment advice to mutual funds, fixed income securities, real estate funds (excluding REITs), insurance products including annuities, equities, ETFs and non-U.S. securities. FPFA may use other securities as well to help diversify a portfolio when applicable. FPFA is licensed to sell insurance products, including annuities, and discusses such products with clients but does not engage in the sale of any such products. Please see Item 10.C regarding potential conflicts of interest involving the sale of insurance products.

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

FPFA tailors a program for each individual client. This includes an interview session to get to know the client's specific needs and requirements as well as creation of a plan that will be executed by FPFA on behalf of and in collaboration with the client. FPFA may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. 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 FPFA from properly servicing the client account, or if the restrictions would require FPFA to deviate from its standard suite of services, FPFA 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. FPFA does not participate in any wrap fee programs.

## E. Assets Under Management

FPFA has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$75,184,711	\$48,259,801	December 31, 2023

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$500,000	1.25%
\$500,001 - \$1,000,000	0.95%
\$1,000,001 - \$3,000,000	0.70%
\$3,000,001 - \$6,000,000	0.50%
\$6,000,001 - AND UP	0.40%

Fees depicted in the above fee table are flat versus graduated. For instance, in a graduated approach a client with \$1,250,000 in assets under management would experience billing of the first \$500,000 at 1.25%, the second tranche of \$500,000 at 0.95%, and the remaining \$250,000 at 0.70%. At FPFA, the client would experience the entire \$1,250,000 being billed at 0.70%.

FPFA uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are negotiable and the final fee schedule is memorialized in the client's Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of FPFA's fees within five business days of signing the Investment Advisory Contract (if applicable). Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Historically, FPFA has not charged for several types of accounts including 529 plans, custodial Roths, UTMA accounts, and donor advised funds (DAF's). However, FPFA may

charge its clients a fee for these accounts primarily to cover the costs of technology and general servicing. This fee is negotiable and is dependent on several factors on a per client basis. The exact amount of the fee will be in your investment advisory agreement.

FPFA does not bill on large cash balances that may have an agreed upon short-term purpose (e.g. saving for a large down payment, an upcoming tax bill, school tuition, emergency reserve, etc.). Likewise, FPFA does not bill on large cash balances being invested over time into a portfolio (e.g. dollar cost averaging). Lastly, FPFA does not bill on cash balances held for retirees with impending IRA distributions if FPFA and the client have agreed to maintain a large cash balance to preserve funds for such distributions. Each situation is unique. FPFA reserves the right to negotiate a fee for large cash balances remaining uninvested or non-purposed for a long period of time. This fee reflects the cost of technology and maintaining these accounts.

While not a policy, circumstances may arise whereby client investable assets are not billed upon (e.g. low cost basis stock holdings, a stock selection requested by the client that is outside of the agreed upon core investment strategy).

### ***Financial Planning Fees***

#### **Fixed Fees**

The negotiated fixed rate for creating client financial plans is between \$2,500 and \$10,000.

#### **Hourly Fees**

The negotiated hourly fee for planning services is between \$150 and \$400. The amount of the hourly fee is determined based upon a number of factors including but not limited to the amount of work involved and the complexity of the case.

Clients may terminate the agreement without penalty verbally or with written notice within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice. If cancellation occurs thereafter, the client is responsible only for expenses incurred to that point. In such an event, an itemized invoice will be provided documenting the expenses that have been incurred.

### ***Participant Directed Retirement Plan Fees***

The negotiated fee for these services generally ranges from 0.10% to 0.35%. The fee is determined by factors such as assets in the plan, the amount of annual contributions to the plan, number of employees, number of locations and geographic proximity of the locations for the business, projected growth of the business, and type of business.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees for accounts using FPFA's primary custodian Schwab are withdrawn directly from the client's accounts, with the client's written authorization, on a monthly basis. Fees are paid in arrears.

Some client assets are "held away" at Capital Group (parent of American Funds Distributors, Inc.). Such fees are withdrawn directly from the client's accounts, with the client's written authorization, quarterly in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check.

Fixed financial planning fees are due and payable upon presentation of the plan and are never paid in advance.

Hourly financial planning fees are paid upon billing by FPFA and are never paid in advance.

In the event a financial planning client subsequently engage FPFA for an ongoing wealth management relationship, FPFA may credit the amount of the financial planning fee against ongoing portfolio management fees based on the specific facts and circumstances of the engagement. Financial planning in the continuum will be performed without additional fees.

### ***Participant Directed Retirement Plan Fees***

Participant directed retirement plan fees are withdrawn directly from the client's account according to the plan documents and recordkeeper's processes on a monthly or quarterly basis in arrears. Plan documents include an expense agreement between FPFA and the plan sponsor.

## **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 FPFA. One such fee clients incur is a transactional fee when they buy or sell certain institutional class traditional mutual funds. FPFA evaluates whether it should purchase the institutional class bearing the transaction fee or the retail class without the fee on a case-by-case basis.

Please see Item 12 of this brochure regarding broker dealer/custodian.

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

FPFA does not collect fees in advance.

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

Neither FPFA nor its supervised persons accept any compensation for the sale of 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**

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

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

FPFA generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities

There is no account minimum size or fee for any of FPFA's services.

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

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

##### *Methods of Analysis*

FPFA's methods of analysis include Fundamental analysis, Modern portfolio theory and Quantitative analysis.

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

**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.

**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.

### *Investment Strategies*

FPFA uses long term trading and short-term trading.

**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*

**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.

**Modern portfolio theory** assumes that investors are risk averse, 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.

**Quantitative analysis** 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.

### *Investment 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.

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

### C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below 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. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (NAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another, and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate** funds 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.

**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 FPFA nor its representatives are registered as or have pending applications to become registered as a Broker/Dealer or Broker/Dealer representative.

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

Neither FPFA 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**

### ***North Carolina Insurance Licensing***

Geoffrey Owen is an independent licensed insurance agent, and from time to time, will offer clients advice on insurance-related products. FPFA currently does not sell insurance products to its clients. Should it begin selling insurance products to its clients, clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. FPFA always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of FPFA in connection with such individual's activities outside of FPFA.

### ***Certified Divorce Financial Analyst® (CDFA®)***

Geoffrey Owen is a Certified Divorce Financial Analyst®. Mr. Owen uses this designation as an additional capability to help individuals with financial affairs and planning related to divorce. He does not charge a fee for such service and he does not require people he helps through the divorce process to become FPFA clients post-divorce.

In some situations, Mr. Owen may assist someone through the divorce process who intends to become an FPFA client post-divorce (although not obligated to). Mr. Owen has a fiduciary loyalty to the client's best interest and must avoid the conflict of advising towards a solution that benefits FPFA rather than the client. An example could include recommending that an individual advocate for property division biased towards investable assets versus another asset that may be better for the client (e.g. residence, corporate stock incentives, an insurance policy with cash value). Another example might be a recommendation that a client exchange alimony for more cash or assets to be invested when in fact the alimony may be more advantageous for the client.

Geoffrey Owen does not use the CDFA® designation to operate as a financial neutral in collaborative divorce cases. If acting as a financial neutral in a collaboratively resolved case, it would be a conflict to show preference for one spouse over the other or to seek a continued advisory relationship with either post-divorce.

The situation may arise where existing FPFA clients get divorced. FPFA must evaluate whether it can continue to advise the clients without impairing its ability to offer objective advice, recommendations, and services. It also must make each spouse aware that information shared does not possess client confidentiality such as attorney privilege. If unable to work in an unbiased manner, FPFA may refer the clients to other advisors or a financial neutral from another firm and recuse itself from the divorce planning engagement.

In all situations, it is especially important to note to the client that the financial advisor is not qualified to offer legal advice.

### ***Personal Investment Rental Properties***

Geoffrey Owen and his wife own three rental properties that appear as outside business activities in his filings and are listed below. It would be a conflict of interest should he recommend a client purchase these properties as an investment.

- 212 Emerson, LLC - operates the rental property at 2501 Roswell Ave, Unit 304, Charlotte, NC, 28209
- 814 Delaware, LLC - operates the rental property at 2501 Roswell Ave, Unit 307, Charlotte, NC, 28209
- Charleston 98, LLC - operates the rental property at 1766 Ion Avenue, Unit F, Sullivan's Island, SC 29482

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

FPFA does not utilize nor select third-party investment advisers.

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

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

FPFA has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at FPFA must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of FPFA may buy or sell securities that are recommended to clients. FPFA's employees and persons associated with FPFA are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FPFA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FPFA's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FPFA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of FPFA's clients. In addition, the Code requires

pre-approval of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between FPFA and its clients.

Advisors may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a conflict of interest in that FPFA or its Representatives are in a position to benefit from the sale or purchase of those securities. FPFA's Code of Ethics provides a policy to monitor the personal trading activities and securities holdings of each of the Firm's Representatives or other Access Persons. The Code of Ethics' personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading. These policies are designed to discourage and prohibit personal trading that would disadvantage clients.

#### Aggregated trades (employees and client trades)

Trades may be done on an aggregated basis when consistent with FPFA's obligation of best execution. In such circumstances, the Advisor (or related account) and client accounts will share commission costs equally and receive securities at a total average price. FPFA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

FPFA's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting the Compliance Department at the main number.

## **B. Privacy Policy**

Investment advisers are required by law to inform their clients of their policies regarding privacy of client information. We are bound by professional standards of confidentiality that are even more stringent than those required by law.

Federal law gives the customer the right to limit some but not all sharing of personal information. It also requires us to tell you how we collect, share, and protect your personal information.

**Types of Non-Public Personal Information (NPI) We Collect.** We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization. This can include but is not limited to your Social Security Number, Date of Birth, Banking Information, Financial Account Numbers and/or Balances, Sources of Income, and Employment Information. When you are no longer our customer, we may continue to share your information only as described in this notice.

**Parties to Whom We Disclose Information.** All Investment Advisers may need to share personal information to run their everyday business. In the section below, we list the reasons that we may share your personal information:

- For everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus;
- For SEC firm books and records examinations;
- For our marketing – to offer our products and services to you;
- With your prior permission, for collaboration with your other advisory professionals, e.g. CPAs and attorneys.

If you are a new customer we may begin sharing your information on the day you sign our agreement. When you are no longer our customer, we may continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

Note – We do not sell your personal information.

**Protecting Confidentiality of Current and Former Client's Information.** To protect your personal information from unauthorized access and use, we use security measures that comply with federal law, including computer safeguards and secured files and building.

**Federal and State Law Allows You to Limit Sharing.** Federal law allows you the right to limit the sharing of your NPI by “opting-out” of the following: sharing for non-affiliates’ everyday business purposes – information about your creditworthiness; or sharing with affiliates or non-affiliates who use your information to market to you. State laws and individual companies may give you additional rights to limit sharing. An FPFA client would have to “opt-in” to have FPFA affiliates use their information to market to.

***Affiliates** – companies related by common ownership or control. They can be financial and non-financial companies; **Non-affiliates** – companies not related by common ownership or control. They can be financial and non-financial companies; **Joint marketing** – a formal agreement between non-affiliated financial companies that together market financial products or services to you.*

**Business Succession Planning.** FPFA has established a business continuity plan with an external firm in the event Geoffrey Owen dies or is otherwise unable to perform duties in the best interest of FPFA clients. Should a triggering event occur, the succeeding advisory firm would engage with Charles Schwab for the smooth transition of client accounts. FPFA client information would be attained from Charles Schwab by the succeeding firm. Client agreement for this activity is obtained in the firm’s Investment Advisory Contract.

## Item 12: Brokerage Practices

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

#### *1. Selection and Soft Dollar Considerations*

Client assets must be maintained in an account at a “qualified custodian,” generally a broker dealer or bank. FPFA requires its primary wealth management clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc. While the Schwab 529 plan utilized by FPFA for most of its clients with 529 plans is branded by Schwab, it actually is in custody at Ascensus. This represents a small portion of FPFA’s assets under management. Also, a small number of clients use Capital Group, the parent company of American Funds. Employer-sponsored retirement plan recordkeepers are chosen according to plan specific needs and the list of such providers, each with a corporate-affiliated custodian, currently includes Voya, Empower, PAI, and Paychex.

FPFA is independently owned and operated and unaffiliated with any of the mentioned companies. As the use of Capital Group and Ascensus is limited and retirement plan recordkeepers are unique to the practice, statements below are associated mostly with FPFA’s selection of Schwab as custodian for its primary wealth management and portfolio management custodian. Prospects or clients are welcome to inquire to FPFA if having any additional questions about Schwab, Capital Group, Ascensus, or the retirement plan recordkeepers.

**Considerations for Schwab as custodian.** FPFA seeks to recommend a custodian or broker dealer that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. FPFA considers a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, 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 the prices;
- Reputation, financial strength, security and stability;
- Local physical office presence for tasks such as check deposits;
- Prior service to FPFA and its clients; and
- Availability of other products and services that benefit FPFA and its clients.

The client will provide authority to FPFA to direct all transactions through Schwab in the Investment Advisory Contract.

For clients' accounts maintained at Schwab, Schwab does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes for account(s). Custodians are also compensated by earning interest on the uninvested cash in client accounts via Cash Sweep Accounts. These are all standard methods for Custodians to be compensated for the value services they provide.

Schwab's Schwab Advisor Services™ is a business serving independent investment advisory firms like FPFA. It provides FPFA and its clients with access to their institutional brokerage services (trading, custody, reporting, and related services), some of which are not typically available to Schwab retail customers. Schwab also make available various support services. Some of those services help FPFA manage or administer clients' accounts while others help FPFA manage and grow its business. Custodian support services are generally available on an unsolicited basis and at no charge to FPFA.

Following is a more detailed description of Schwab's support services:

**Services that benefit the client.** 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 FPFA might not otherwise have access or that would require a significantly higher minimum initial investment by its clients.

**Services that may not directly benefit the client.** Schwab also makes available other products and services that benefit FPFA but may not directly benefit clients. These products and services assist FPFA in managing and administering clients' accounts. They include investment research, both Schwab's and those of third parties. FPFA may use this research to service all or a substantial number of its clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of FPFA fees from clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

**Services that generally benefit only FPFA.** Schwab also offers other services intended to help FPFA manage and further develop its business. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession;
- Access to employee benefits providers, human capital consultants, and insurance providers; and
- Marketing consulting and support.

Schwab may provide some of these services themselves. In other cases, it will arrange for third-party vendors to provide the services. 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 FPFA with other benefits, such as occasional business entertainment of our personnel.

The availability of these services from Schwab benefits FPFA because FPFA does not have to produce or purchase them. FPFA doesn't have to pay for Schwab's services. This creates an incentive to recommend that clients maintain their accounts with Schwab, based on FPFA's interest in receiving Schwab's services that benefit its business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. FPFA believes, however, that the selection of Schwab as custodian and broker is in the best interests of its clients. Selection is primarily supported by the scope, quality, and price of Schwab's services.

As an investment advisory firm, FPFA has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. FPFA's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) liquidity. FPFA may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

As stated, much of the commentary above mostly applies to Schwab as primary custodian. As noted, additional custodial relationships include:

- Capital Group, parent of American Funds – primarily for SIMPLE IRA's and 529's for Virginia residents;
- Ascensus – as the outsourced custodial provider for the Schwab 529 plan; and
- Various Retirement Plan Recordkeepers – as the recordkeepers associated with employer-sponsored retirement plans. Please note that FPFA is not authorized to execute trades for retirement plan participant accounts.

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

FPFA 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***

FPFA generally requires clients to use a specific broker dealer to execute transactions for its primary business of portfolio management. Not all advisers require clients to use a particular broker dealer.

For FPFA's primary practice of serving individuals and families in wealth management, it requires clients to use Schwab. In certain circumstances, it encourages clients to use Capital Group. For instance, it encourages Capital Group for SIMPLE IRA's due to Capital Group's technology associated with such plans and for 529 plans for Virginia residents due to the tax advantages associated with Virginia residents using Capital Group's Virginia plan. For residents of states that do not offer a tax incentive to remain in-state for the 529, FPFA encourages use of the Schwab plan for its low cost and convenience with the client's other investing. Participant directed retirement plan recordkeepers are selected for their fit with the plan and there are no requirements for which firms are used.

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

If FPFA buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, FPFA places an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades are reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. FPFA utilizes trade preparation software to determine the appropriate number of shares.

# **Item 13: Review of Accounts**

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

All client accounts for FPFA's advisory services provided on an ongoing basis are reviewed regularly by Geoffrey H Owen, Managing Member, with regard to clients' respective investment policies and risk tolerance levels. This generally means at least quarterly but is also driven by market dynamics and client need. All accounts at FPFA are assigned to this reviewer.

All financial planning-only accounts are reviewed upon financial plan creation and plan delivery by Geoffrey H Owen, Managing Member. Financial planning-only clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Financial planning-only clients may request additional plans or reports for a fee.

Please note that FPFA maintains financial-planning-only situations as an offering in unique circumstances, but generally does not engage in this manner. All clients of FPFA engage in elements of financial planning to varying degrees as part of their overall relationship with the firm and such engagements do not bear additional cost.

## **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).

With respect to financial planning-only plans, FPFA's services will generally conclude upon delivery of the financial plan.

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

Each client of FPFA's advisory services provided on an ongoing basis receives regular reports detailing the client's account, including assets held, asset value, and calculation of fees. These written reports come from the custodian(s) and FPFA's client reporting provider. Statements from Schwab are provided monthly if there is activity in the account or quarterly if there is no activity in the account. Statements from Capital Group and participant directed retirement plan recordkeepers are provided quarterly. Billing information from FPFA's client reporting provider is provided monthly.

Clients have online access to Schwab or other Custodians. Our primary client base utilizing Schwab also has access to detailed and illustrative investment portfolio information through a client portal. The portal also makes available Schwab statements and tax documents.

Each financial planning client will receive the financial plan upon completion.

# **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)**

It is FPFA's policy not to accept or allow its related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

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

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

## **Item 15: Custody**

Client accounts are held in custody by unaffiliated broker dealers or custodians associated with mutual fund companies or employer-sponsored retirement plan recordkeepers. Custody of client's accounts is held at the client's custodian(s). However, it is considered custody if a client grants FPFA authority to move the client's money to a third-party account. A third-party account is one in which the legal ownership differs from the first party account registration (e.g. an individual brokerage account linked to a joint bank account or vice versa). It is not considered custody to deduct FPFA's advisory fees directly from clients' accounts.

Schwab is FPFA's primary custodian. Schwab provides clients with statements monthly if there is activity in the account or quarterly if there is no activity. 529 account information associated with the Schwab 529, while in practice held in custody at Ascensus, is included in a client's Schwab statement and also available on the client's Schwab Alliance online portal.

Capital Group and the retirement plan recordkeepers provide clients with quarterly statements by default. Current retirement plan recordkeepers include Ascensus, Voya, Paychex, and Vanguard.

All custodians provide clients with online access to current account and portfolio information 24/7/365.

FPFA provides an online client portal that possesses Schwab custodian statements and tax information (if applicable), important documents from FPFA and the client, and account portfolio information. The portal also includes accounts held at Capital Group and the Schwab 529. FPFA's client portal does not serve as an interface for participants in participant directed retirement plans.

Clients are urged to compare their custodial account statements with the information provided by FPFA through its reports and portal to verify accuracy and consistency between the two sources. It is important to note that FPFA calculates client advisory fees for accounts at Schwab using a portfolio management and billing system provided by a third-party software firm. Because Schwab does not calculate the amount of the fee to be deducted, it is particularly important for clients to carefully review their custodial statements to verify the accuracy of the fee calculation. Clients should contact FPFA directly if they believe that there may be an error in their statement or in the calculation of fees.

## **Item 16: Investment Discretion**

FPFA provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, FPFA 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. In some instances, FPFA's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to FPFA).

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

FPFA 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**

FPFA neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

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

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

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

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