



# Form ADV Disclosure Brochure

April 22, 2024

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This Brochure provides information about the qualifications and business practices of Paces Ferry Wealth Advisors ("Paces Ferry" or "the Firm"). If you have any questions about the contents of this brochure, please contact us at the telephone number listed above. For compliance specific requests, please call 971-371- 3450. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm has filed to become an SEC registered investment adviser. Registration does not imply any level of skill or training.

## ITEM 2 – MATERIAL CHANGES

In this Item, Paces Ferry Wealth Advisors (hereby known as “Paces Ferry” or the “Firm”) is required to discuss any material changes that have been made to the brochure since the last annual amendment.

The Firm has begun offering Reporting Agent services for alternative investments. All the details about these services and the associated fees can be found in Items 4 and 5.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of business’ fiscal year. A Summary of Material Changes is also included with our Brochure on SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Paces Ferry Wealth Advisors, LLC is #300057. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Zach Morris, Chief Compliance Officer at (404) 480-5200 or [zmorris@pacesferrywealth.com](mailto:zmorris@pacesferrywealth.com).

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## ITEM 4 – ADVISORY BUSINESS

### Description of Advisory Firm

Paces Ferry Wealth Advisors (“Paces Ferry”, the “Firm”, “we”, “our,” or “us”) is a privately owned limited liability company headquartered in Atlanta, Georgia.

Paces Ferry has been registered as an investment adviser with the U.S. Securities and Exchange Commission since 2019. Paces Ferry Wealth is owned by Bodhi Tree Investments which is owned by Zachary Morris.

As of December 31, 2024, Paces Ferry Wealth Advisors, LLC manages approximately \$336,970,987.61 in assets for approximately 609 accounts on a discretionary basis and approximately \$24,283,504.92 in assets for approximately 10 accounts on a non-discretionary basis. In total, Paces Ferry Wealth Advisors, LLC manages approximately \$361,254,492.53 in assets for approximately 619 accounts.

While this brochure generally describes the business of the Firm, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or any other person who provides investment advice on the Firm’s behalf and is subject to the Firm’s supervision or control.

### Advisory Services Offered

The Firm offers discretionary investment management, non-discretionary, and investment advisory services as well as financial planning and consulting. Prior to the Firm rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

#### Financial Planning and Consulting Services

The Firm offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Manager Due Diligence

While each of these services is available on a stand-alone basis, certain of them may also be rendered in

conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, the Firm is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accounts, etc.) and is expressly authorized to rely on such information. The Firm may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or register representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if client engages Firm or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by the Firm under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Firm's recommendations and/or services.

### *Wealth Management Services*

Paces Ferry provides clients with wealth management services which may include a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

Under an investment management engagement, Paces Ferry primarily allocates client assets among various individual equity and debt securities, fixed income, mutual funds, and exchange-traded funds ("ETFs") in accordance with their stated investment objectives. Paces Ferry also utilizes alternative-type investments which are inherently higher-risk investment vehicles that should be taken into consideration when investing. Please refer to the section of this brochure which describes these risks in further detail.

Where appropriate, Paces Ferry may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Paces Ferry to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer-sponsored retirement plans. In these situations, Paces Ferry directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

The Firm tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. The Firm consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints, and other related factors relevant to the management of their portfolios.

Clients are advised to promptly notify Paces Ferry if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable

restrictions or mandates on the management if the Firm determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### *Retirement Plan Consulting Services*

Paces Ferry provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing, and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized and may include any or all of the following services: Plan Design and Strategy, Plan Review and Evaluation, Executive Planning and benefits, Investment Selection, Plan Fee and Cost Analysis, Plan Committee Consultation, Fiduciary and Compliance, and Participant Education.

As disclosed in the Paces Ferry Advisory Agreement, certain of the foregoing services are provided by Paces Ferry as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Paces Ferry's fiduciary status, the specific services to be rendered, and all direct and indirect compensation that Paces Ferry reasonably expects under the engagement.

### *Use of Independent Managers*

The Firm may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Managers engaged to manage their assets.

The Firm evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance, and risk results in relation to its clients' individual portfolio allocations and risk exposure. The Firm also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

The Firm continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. The Firm seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### *Reporting Agent*

The Firm acts as a reporting agent for certain private funds. In these cases, the Firm works with a select group of clients invested in the private fund but does not assist in administering the fund in general. The

firm has no control and is not responsible for managing any of the investments made by the private funds. There will be a general agreement signed between the Firm and the fund naming Paces Ferry as the Reporting Agent, and between each individual client and the Firm. The specific duties of a reporting agent vary from fund to fund and are dependent on how each fund is administered though in most cases, the firm will be responsible for assisting its clients with capital calls and distributing quarterly reports, and all other information from the fund to them.

## ITEM 5 – FEES AND COMPENSATION

The Firm offers services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer insurance products under a separate commission-based arrangement.

### Wealth Management Fees

Paces Ferry offers wealth management for an annual fee based on the amount of assets under management. This management fee generally varies between 25 and 150 basis points (0.25% - 1.50%), depending on the size and composition of a client's portfolio and the type of services rendered.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Firm on the last day of the previous billing period.

If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), the Firm may negotiate a fee rate that differs from the range set forth above.

### Reporting Agent

Paces Ferry charges a fixed annual fee of \$3500 per investment to act as a Reporting Agent. The Reporting Agent fee will be waived for clients that are receiving regular wealth management services. All alternative investments held by wealth management clients will be billed in line with their existing fee schedule, in the range listed above.

### Fee Discretion

The Firm may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to

be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### Other Fees and Expenses

In addition to the advisory fees paid to the Firm, clients may incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, platform service providers, banks and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, fees charged by the Independent Managers/Sub-Advisors are charged to the clients separately. In these relationships with third-party and/or Sub-Advisors, these fees would be in addition to the fees charged by the Firm, paid directly to the third-party and/or Sub-Advisor, and the Firm will not receive any portion of those fees or share in those fees.

### **Direct Fee Debit**

Clients generally provide the Firm and/or the Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to the Firm.

### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to available liquidity and the Firm’s right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures as well as any liquidity restraints in the event a portion of the portfolio is invested in less liquid products. The Firm generally designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client’s investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7 – TYPES OF CLIENTS**



Paces Ferry offers investment advice to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

## **Account Requirements**

The Firm may, at their discretion, impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. This fee is generally \$5,000 annually. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, the Firm may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

We will typically use fundamental, cyclical, charting, and/or technical analysis in the selection of individual securities. The Firm selects categories of investments based on the clients' attitudes about risk and their need for capital appreciation or income. Different instruments involve different levels of exposure to risk. We seek to select individual securities with characteristics that are most consistent with the client's objectives. Since the Firm treats each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities.

#### **General Investment Strategies**

The Firm generally uses diversification in an effort to minimize risk and optimize the potential return of a portfolio. More specifically, we utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. Each portfolio composition is determined in accordance with the clients' investment objectives, risk tolerance, and time horizon. We utilize both passive and active investment management strategies in an effort to optimize portfolios.

Our general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. We develop a Client Profile to help identify the client's investment objectives, time horizon, risk tolerance, tax considerations, target asset allocation, and any special considerations and/or restrictions the client chooses to place on the management of the account. The Firm will then recommend investments that we feel are consistent with the Client Profile.

After defining client needs, the Firm develops and implements plans for the client's account. Then, we monitor the results and make adjustments as needed. As the initial assumptions change, the plans themselves may need to be adapted. Continuous portfolio management is important in an effort to keep the client's portfolio consistent with the client's objectives.

#### **Methods of Analysis for Selecting Securities**

The Firm's IARs may use, among others, technical, fundamental, and/or charting analysis in the selection of individual equity securities. Additionally, our IARs may use specific strategies or resources in the method of analysis and selection of mutual funds.

### Technical Analysis

The effectiveness of technical analysis depends upon the accurate forecasting of major price moves or trends in the securities traded by the IAR. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernable trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may under perform other trading methods when fundamental factors dominate price moves within a given market.

The calculations that underline our system, methods, and strategies involve many variables, including determinants from information generated by computers and/or charts. The use of a computer in collating information or in developing and operating a trading method does not assure the success of the method because a computer is merely an aid in compiling and organizing trade information.

Accordingly, no assurance is given that the decisions based on computer-generated information will produce profits for a client's account.

### Relative Strength Analysis

Relative strength measures one stock versus another or a group of stocks versus an index, such as the S&P 500. Through relative strength analysis, we can rank areas of the market that are outperforming or underperforming the broad market, whether the Russell 3000 or S&P 500. For our purposes, we use the S&P 500. We then add the highest relative strength sectors and macro areas (i.e. small cap vs. large cap) to our investment model, using primarily ETFs. The general premise is that those areas of the market with highest relative strength outperform over the long term. Additionally, as a risk override, we run moving average analysis to identify when markets are most vulnerable, and from time to time lighten market exposure.

### Fundamental Analysis

Fundamental analysis assesses the financial health and management effectiveness of a business by analyzing a company's financial reports, key financial ratios, industry developments, economic data, competitive landscape, and management. The objective of fundamental analysis is to use historical and current financial data to assess the stock valuation of a company, evaluate company profitability, credit risk, and forecast future performance of the company and its share price. Fundamental analysis assumptions and calculations are based on historical data and forecasts; therefore, the quality of information and assumptions used are critical. Differences can exist between market fundamentals and how you analyze them.

### Charting Analysis

Charting analysis involves the use of patterns in performance charts. Our IARs use this charting technique

to search for patterns in an effort to predict favorable conditions for buying and/or selling a security.

### Mutual Funds

In analyzing mutual funds, our IARs use various sources of information. We review key characteristics such as historical performance, consistency of returns, risk level, and size of fund. Expense ratio and other costs are also significant factors in fund selection. We also subscribe to/access additional information from other sources that inform our general macro-economic view.

### Options

IARs may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. A call may be purchased

if the expectation is that the stock will increase substantially in value before the option expires. It may also be sold as a hedge to protect gains or principal of an existing holding (covered calls). A put gives the holder the right to sell an asset at a certain price within a specific period of time. A put may be purchased if the expectation is that the stock will decrease substantially in value before the option expires. They are typically purchased as a hedge to protect gains or principal of a portfolio. There are various options strategies that our IARs may deploy in a strategy, as appropriate for a client's needs. These include but may not be limited to: covered options (selling a call or put for premium payment while retaining the cash or securities required to facilitate the underlying purchase or sale of securities if an option is exercised) or spreads/straddles (buying or selling call or put options on the same or opposite side of the market to benefit from the bid/ask "spread" or to straddle the market based on value or time variances).

### Alternative Investments

IARs may use Alternative Investments as a way to diversify a portfolio. Alternative Investments are considered to be "non-correlated" assets, meaning that they do not tend to run up or down (track) with the market like standard securities typically do. The main goal of alternatives is to provide access to other return sources, with the potential benefit of reducing risk of a client's portfolio, improving returns, or both.

### Specific Investment Strategies for Managing Portfolios

IARs may use Modern Portfolio Theory tactical asset allocation, cash as a strategic asset, long-term holding, trend, dollar-cost-averaging, defensive portfolio strategies in the construction and management of client portfolios. There is no guarantee that any of the following strategies will be successful and we make no promises or warranties as to the accuracy of our market analysis.

### Modern Portfolio Theory(MPT)

IARs use the Modern Portfolio Theory, which has a basic concept of using diversification in an effort to help minimize risk and optimize the potential return of a portfolio.

### *Tactical Asset Allocation*

IARs may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong market sectors or to avoid perceived weak sectors. Once they achieve the desired short-term opportunities or perceives that opportunities have passed, we generally return a client's portfolio to the original strategic asset mix.

### *Cash as a Strategic Asset*

IARs may use cash as a strategic asset and at times move or keep client's assets in cash or cash equivalents. While high cash levels can help protect a client's assets during periods of market decline, there is a risk that our timing in moving to cash is less than optimal upon either exit or reentry into the market, potentially resulting in missed opportunities during positive market moves.

### *Long-term Holding*

IARs do not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase, as we do not generally use short-term trading as an investment strategy. However, there may be times when we will sell a security for a client when the client has held the position for less than 30 days.

IARs do not attempt to time short-term market swings. Short-term buying and selling of securities is typically limited to those cases where a purchase has resulted in an unanticipated gain or loss in which we believe that a subsequent sale is in the best interest of the client.

### *Trend*

IARs may manage client assets using a trend-following methodology based on the 200-day average and grounded in a strong sell discipline for all positions within the portfolio.

### *Dollar-Cost-Averaging*

Dollar-cost averaging involves investing money in multiple installments over time to take advantage of price fluctuations in an attempt to get a lower average cost per share.

### *Defensive Strategies*

If our IAR anticipates poor near-term prospects for equity markets, we may adopt a defensive strategy for clients' accounts by investing substantially in fixed income securities and/or money market instruments. We may also utilize low, non or negative correlated investments through mutual funds and EFT's. There can be no guarantee that the use of defensive techniques would be successful in avoiding losses.

### *Margin*

Some clients of the Firm maintain margin accounts to facilitate short-term borrowing needs, which are unrelated to our investment strategy (ies). For some high-net worth (HNW) clients that are seeking a more

aggressive strategy for their portfolio, our IARs may work with those clients on an individual basis to develop a leveraged strategy utilizing margin to increase market participation portfolio as part of a customized investment strategy. Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include "margin calls" (also called "fed calls" or "maintenance calls.") Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client's account, requiring the investor to deposit additional money or securities into their margin account.

While the use of margin borrowing can increase returns, it can also magnify losses. Clients must specifically request to establish a margin account.

### *Additional Strategies*

Clients interested in learning more about any of the above strategies should contact us for more information and/or refer to the prospectus of any mutual fund. We may also consider additional strategies by specific client request.

## **Investing Involves Risk**

### *General Risks of Owning Securities*

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy again, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### *Risk of Loss*

Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. The Firm strategies and recommendations may lose value. All investments have certain risks involved including, but not limited to the following:

- **Stock Market Risk:** The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- **Managed Portfolio Risk:** The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- **Industry Risk:** The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- **Non-U.S. Securities Risk:** Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political economic instability.
- **Emerging Markets Risk:** To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been

more volatile than the markets of developed countries with more mature economies.

- **Currency Risk:** The value of your portfolio's investments may fall as a result of changes in exchange rates.
- **Credit Risk:** Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- **Inflation Risk:** Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate.
- **Margin Risk:** The use of margin is not suitable for all investors, since it increases leverage in your Account and therefore risk.
- **ETF and Mutual Fund Risk:** When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operation expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund greatly reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- **Independent Manager Risk:** As stated above, the Firm may select certain Independent Managers to manage a portion of its clients' assets. In these situations, the Firm continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, the Firm generally may not have the ability to supervise the Independent Managers on a day-to-day basis.
- **Derivative Risk:** Derivatives are securities, such as futures contracts or options, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results. Utilizing derivatives can cause greater than ordinary investment risk, which could result in losses.
- **Alternative Investment Risk:** Alternative Investments involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not always required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment performance can be volatile. An investor could lose all or a substantial amount of his or her investment.
- **Management Risk:** Your investment with us varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

## ITEM 9 – DISCIPLINARY INFORMATION

The Firm and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our business or the integrity of our management. We do not have any required disclosures to this Item.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Paces Ferry is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### Licensed Insurance Agents

Certain of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### Retirement Plan Accounts

The Firm may from time to time recommend the rollover to an IRA from an employer sponsored retirement plan. This product will be recommended when it is deemed by the Firm to be in the best interest of the client. It is understood that the Investment Advisor Representative will receive management fee paid by me as indicated by the client agreement that will be signed when the account is opened.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);

- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

When recommending the rollover to an IRA from an employer sponsored retirement plan, you will be provided with disclosure on the reasons why the transaction is in your best interest, it will be required to be signed by both you and the advisor and will be maintained in your file.

### **Antler Venture**

Antler is a venture capital investment company. They focus on day zero investing and have a number of private funds that allow for accredited and qualified investors to invest in a number of startup companies. Paces Ferry is a reporting agent for some clients invested in Antler's venture capital funds. Both entities also refer clients to one another. While Paces Ferry does not receive any compensation from Antler, this nevertheless presents a conflict of interest when referring clients to Antler.

### **DPL Financial Partners, LLC**

DPL Financial Partners, LLC ("DPL") is a third-party provider of a platform of insurance consultancy services to Clients with a current or future need for insurance products. DPL offers Paces Ferry a membership to its platform for a fixed annual fee and, through its licensed insurance agents who are registered representatives of The Leaders Group, Inc. ("The Leaders Group"), an unaffiliated SEC-registered broker dealer and FINRA member, offers the Firm a variety of services relating to fee-based insurance products.

These services include, among others, providing the Firm with analyses of their current methodology for evaluating client insurance needs, educating, and acting as a resource to members regarding insurance products generally and specific insurance products owned by their clients or that their clients are considering purchasing, and providing members access to and product marketing support regarding fee based products that insurers have agreed to offer to Clients through DPL's platform. For providing platform services to the Firm, DPL receives service fees from the insurers that offer their fee-based products through the platform. These service fees are based on the insurance premiums received by the insurers.

DPL is licensed as an insurance producer in jurisdictions where required to perform the platform services. Its representatives are also licensed as insurance producers, appointed as insurance agents of the insurers offering their products through the platform, and registered representatives of The Leaders Group.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. The Firm's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of



material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of the Firm's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact the Firm to request a copy of its Code of Ethics.

## **ITEM 12 – BROKERAGE PRACTICES**

### *Recommendation of Broker/Dealers for Client Transactions*

The Firm generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services TM, Charles Schwab & Co, Inc. or Charles Schwab & Co., Inc. Advisor Services (the "Custodian" or "Schwab") for investment management accounts.

Factors which the Firm considers in recommending the Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The Custodian may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodian may be higher or lower than those charged by other Financial Institutions.

Paces Ferry may recommend/require that clients establish brokerage accounts with the Schwab Advisor

services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder.

Paces Ferry is independently owned and operated and not affiliated with Schwab. Schwab provides Paces Ferry with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to Paces Ferry other products and services that benefit Paces Ferry but may not benefit its clients' accounts. These benefits may include national, regional or Paces Ferry specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Paces Ferry by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Paces Ferry in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Paces Ferry's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Paces Ferry's accounts, including accounts not maintained at Schwab Advisor Services.

Schwab Advisor Services also makes available to Paces Ferry other services intended to help Paces Ferry manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Paces Ferry by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Paces Ferry.

While, as a fiduciary, Paces Ferry endeavors to act in its clients' best interests, Paces Ferry's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Paces Ferry of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

The commissions paid by the Firm's clients to the Custodian comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where the Firm determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. The Firm seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the client may be required to sign an additional agreement and additional fees are likely to be charged. Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because the Firm does not have to produce or pay for the products or services.

The Firm periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### *Software and Support Provided by Financial Institutions*

The Firm may receive without cost from Schwab computer software and related systems support, which allow the Firm to better monitor client accounts maintained at Schwab. The Firm may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit the Firm, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Firm's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, the Firm may receive the following benefits from Schwab:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

### Brokerage for Client Referrals

The Firm does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### Directed Brokerage

The client may direct the Firm in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by the Firm (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Firm may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### Trade Aggregation

Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s client’s differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Firm’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm’s Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Firm does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the

transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **Account Reviews**

The Firm monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Investment Committee and/or investment adviser representatives and are intended to fulfil the Firm's fiduciary obligations to their advisory clients. All advisory clients are encouraged to discuss their needs, goals and objectives with Paces Ferry and to keep the Firm informed of any changes thereto. Paces Ferry contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from the Firm and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from the Firm or an outside service provider.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **Client Referrals**

The Firm may provide compensation to third-party solicitors for client referrals. In the event a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from the Firm's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with the Firm's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of the Firm is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **ITEM 15 – CUSTODY**

The Firm and/or the Independent Managers have limited custody of some of our clients' funds or securities

when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from the Firm as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

### **Third-Party Standing Letters of Authorization ("SLOA")**

Our firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian.

The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. By working with the qualified custodian, the Firm has in place seven provisions set forth by the SEC to assist in mitigating risk. The below must be followed to clients with third-party SLOAs:

1. The client provides an instruction to the qualified custodian, in writing, 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.
2. The client authorizes the Firm, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, 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.
4. The client can terminate or change the instruction to the client's qualified custodian.
5. The 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.
6. The Firm maintains records showing that the third party is not a related party of Firm or located at the same address as the Firm.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

As stated earlier in this section, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least

quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

## ITEM 16 – INVESTMENT DISCRETION

The Firm may be given the authority to exercise discretion on behalf of clients. The Firm is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. The Firm is given this authority through a power-of-attorney included in the agreement between the Firm and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The Firm takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or terminated.

## ITEM 17 – VOTING CLIENT SECURITIES

### Voting of Proxies

In regard to SEC Rule 206(4)-6 under the Advisers Act, Advisor will not vote proxies relating to equity securities in client accounts. You are responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned in your Account are voted and voting or causing such proxies to be so voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other similar type events pertaining to your Assets. Please contact us if you would like to receive a copy of our Proxy Voting Policy.

### Class Action Lawsuits

As a matter of company policy, Advisor does not file proofs of claim relating to class action lawsuits affecting individual client accounts. However, upon Client's request Advisor will provide any and all documentation required to complete any such proof of claim.

### Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

## ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. The firm does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.