



Form ADV Part 2A

Investment Adviser Brochure

Pendleton Financial, LLC

2607 Oberlin Road, Suite 100

Raleigh, NC 27608

(919) 781-4167

team@PendletonFinancial.com

www.PendletonFinancial.com

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This brochure provides information about the qualifications and business practices of Pendleton Financial, LLC ("Pendleton," "firm," "we," "us," and "our"). If you have any questions about the contents of this brochure, please contact us at (919) 781-4167 or by email at: team@PendletonFinancial.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 Pendleton Financial, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Pendleton Financial, LLC's CRD number is: 325303.

Pendleton Financial LLC is a registered investment adviser. Please note that use of the term "registered investment adviser" and a description of the Firm and/or our employees as "registered" does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

Item 2: Material Changes

Annual Update

Pendleton Financial, LLC (“Pendleton,” “firm,” “we,” “us,” and “our”) has the following material changes to report. Material changes relate to Pendleton Financial, LLC’s policies, practices or conflicts of interests.

- Pendleton Financial, LLC has updated its Assets Under Management. (Item 4).

Full Brochure Available

Pendleton’s Form ADV 2A may be requested at any time, without charge by contacting us at (919) 781-4167 or via email at team@PendletonFinancial.com. Our Brochure is also available on our website, free of charge, at www.PendletonFinancial.com.

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Item 4: Advisory Business

A | Description of the Advisory Firm

Pendleton Financial, LLC, dba Pendleton Financial, Pendleton Financial Wealth Management, ("Pendleton," "firm," "we," "us," and "our") is a Limited Liability Company organized in the State of North Carolina. The firm was formed in February 2023, and the principal owner is Gray Ellis Pendleton, CFP®.

Gary H. Pendleton, ChFC began what is now Pendleton Financial in March of 1976. Gary's son, Gray Ellis Pendleton, CFP® joined the firm in 2011, after graduating with a degree in Economics and working in investment and commercial banking for several years. Gray earned his CFP® designation in 2015, assumed management responsibilities in 2016, and has been leading the business with a focus on serving clients as fiduciaries ever since.

B | Types of Advisory Services

Pendleton Financial, LLC, ("Pendleton," "firm," "we," "us," and "our") offers the following services to advisory clients ("client," "you," and "your"), each of which are designed to help you achieve your financial goals:

Investment Management Services

Pendleton offers ongoing investment management services that cater to each client's specific goals, objectives, time horizon, and risk tolerance. Pendleton creates an Investment Policy Statement that outlines the client's current financial situation, including their income, tax level, and risk tolerance, and constructs a plan to select an appropriate portfolio based on their unique circumstances.

Investment management services include, but are not limited to, the following:

- Investment strategies
- Asset allocation
- Risk tolerance
- Tax efficient investing
- Strategic rebalancing
- Personal investment policy
- Asset selection
- Regular portfolio monitoring
- Portfolio income
- Diversification

Pendleton evaluates each client's current investments with respect to their goals, risk tolerance levels, income needs and time horizon. To execute transactions within a client's account held at an independent qualified custodian, Pendleton requires discretionary authority from the client, which allows us to select securities and execute transactions without obtaining prior consent for each specific transaction. Pendleton prioritizes discussing potential changes with the client before implementation, where possible. Pendleton upholds its fiduciary duty to clients and

ensures that they exercise authority consistent with the client's unique investment profile, objectives, needs, and restrictions.

Pendleton seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Pendleton's economic, investment or other financial interests. To meet its fiduciary obligations, Pendleton attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Pendleton'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 Pendleton'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.

The Investment Policy Statement documents the client's risk tolerance levels, which Pendleton uses as a guide for portfolio selection. Pendleton typically requires clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc. as their custodian because of their size, strength, reputation, and low fees. Pendleton evaluates the major custodians each year to ensure that Schwab is still the best fit for clients' needs. For more information on Pendleton's brokerage practices, please refer to Item 12 of this Brochure.

Selection of Other Advisers

Pendleton has discretion to choose third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, Pendleton will always ensure those other advisers are properly licensed or registered as an investment adviser. Pendleton conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. Pendleton then makes investments with a third-party investment adviser by investing with the third-party adviser. These investments may be allocated either through the third-party adviser's fund or through a separately managed account managed by such third-party adviser on behalf of Pendleton's client. Pendleton may also allocate among one or more private equity funds or private equity fund advisers. Pendleton will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

Financial Planning Services

Financial plans and financial planning services encompass a range of financial topics, such as retirement income, risk management, tax reduction strategies, and investment strategies, among others. We may provide financial planning advice to you through a written financial plan, a shorter report or checklist, or informal discussions, depending on the terms of a written financial planning agreement.

The majority of our clients receive financial planning services in conjunction with our investment advisory services, which are explained in more detail above. In this scenario, you have complete discretion to accept or reject our financial planning advice, and you are solely responsible for implementing and monitoring any investments that are held outside of the accounts designated for our investment supervisory services. We periodically review and update our financial planning recommendations to investment supervisory clients based on your needs and reasonable requests for such reviews, and we will do so at least once annually.

Financial planning services include, but are not limited to, the following:

- Basics of Financial Planning
- Retirement Savings
- Risk Management
- Income Planning
- Psychology of Investing
- Preservation Planning
- Retirement Planning
- Tax Planning
- Estate Planning
- Investment Planning

Our financial planning process follows the guidelines established by the CFP Board as roughly outlined below. Depending on your unique situation, these steps may be tailored and abbreviated before proceeding with the implementation of your investment plan.

It's important to recognize that financial planning is a continuous process. Similar to printed maps that become outdated shortly after they are printed, a financial plan also requires regular updates and adjustments as your life evolves.

1 | Setting the Stage

During our initial meeting, we typically cover the financial and investment planning process, your goals and objectives, and how our CFP® professional can assist you. At Pendleton, we recognize that the primary stage is to converse about the range of services we offer, furnish you with our background information, outline payment options for products and services, clarify how we receive compensation, and declare any potential conflicts of interest.

2 | Obtaining a Clear Understanding of Your Financial Position

After confirming the scope of the financial planning arrangement, along with identifying any potential conflicts of interest, the subsequent phase involves our CFP® professional commencing with the financial planning process. The primary task at hand is to collect pertinent information regarding your present financial status and personal circumstances. During this phase, topics such as your risk appetite, susceptibility to risks relating to longevity, economics, liabilities, and healthcare may be discussed. As your financial planner, we aim to become well acquainted with your unique situation.

3 | Defining Your Goals and Objectives

Having gained a better understanding of your circumstances, the subsequent step is to establish your financial goals. Our CFP® professional recognizes the significance of being in sync with your objectives and discussing any presumptions or approximations. This is your opportunity to communicate what matters most to you.

4 | Analyzing Your Financial Strengths and Vulnerabilities

Our CFP® professional will perform an in-depth analysis of your present financial status, examining your financial strengths and vulnerabilities, along with considering alternative courses of action. Depending on your individual circumstances, this assessment may include your cash flow, asset protection, retirement planning, emergency fund, and other pertinent financial information. The aim is to determine whether you are on the right path or whether any changes are required to achieve your goals.

5 | Developing Your Financial Planning Recommendations

After analyzing your financial status and identifying potential areas for improvement, the subsequent phase involves our CFP® professional creating a tailored set of recommendations to help you achieve your goals. We consider all available options and determine what is best suited for your unique situation. This may entail financial modeling using practical assumptions for life expectancy, tax rates, and investment returns. Our CFP® professional's primary responsibility is to develop recommendations aimed at maximizing the potential for you to achieve your goals. It's not just about finances - it's about your life, health, and even planning for future generations.

6 | Presentation of Recommendations

Once our CFP® professional has developed a set of financial planning recommendations, the subsequent step involves presenting them to you for review. You will have the opportunity to provide feedback, ask questions, and discuss any adjustments to the plan, as you and your CFP® professional work collaboratively to finalize the steps required to achieve your goals. It's crucial for you to understand the reasoning behind each recommendation, along with the assumptions and estimates that your financial planner has made, and when you need to take action to implement your plan.

7 | Putting Your Financial Plan into Action

With the financial plan in place, the next phase is to execute the plan. As per your planning agreement, the implementation phase outlines the specific roles and responsibilities of both you and your financial planner. Our CFP® professional will identify potential actions, products, and services required for the areas they are handling, and subsequently make recommendations. Before making your selections, you will have the opportunity to discuss the recommendations with your CFP® professional.

8 | Monitoring Progress: Prepare for a Collaborative Partnership

Financial planning is an interactive process that requires collaboration. As per your planning agreement, the monitoring phase involves working together with our CFP® professional to regularly review the performance and progress of the plan. It's essential to understand the responsibilities of both parties, i.e., what your financial planner is responsible for and what you need to do. Your role involves keeping your CFP® professional informed about any changes in your personal circumstances that may require adjustments to your plan, such as changes in employment or family status. In contrast, your financial planner's job is to track your progress towards your goals and determine if any changes or updates are necessary. Throughout this process, your CFP® professional can provide ongoing support, guidance, and education.

Additional Services

Pendleton offers a range of additional client services at no extra cost, including educational seminars, client appreciation events, family meetings, referrals to other professionals, and other miscellaneous services related to comprehensive wealth management. Our aim is to be your primary point of contact for all matters related to your finances, providing a comprehensive suite of services to meet your needs.

Pension Consulting & ERISA Retirement Advisory Services

Pendleton offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) and 403(b) plans). Pension consulting may include, but is not limited to:

- Identifying investment objectives and restrictions
- Creating a written pension consulting plan and Investment Policy Statement
- Providing guidance on various assets classes and investment options
- Recommending money managers to manage plan assets in ways designed to achieve objectives
- Monitoring performance of money managers and investment options and making recommendations for changes
- Recommending other service providers, such as custodians, administrators, broker-dealers, recordkeepers and payroll vendors
- Creation and monitoring of model portfolios
- Employee education
- Fiduciary education to the committee or other responsible plan fiduciaries
- Fee Benchmarking around investments and vendors
- Target Date Funds analysis and suitability
- ERISA Compliance
- Financial Wellness
- Plan Governance
- Plan Design

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

Pendleton also serves as either an ERISA 3(21) or ERISA 3(38) investment manager for participant directed, and employer directed retirement plans as outlined in the service agreement for each pension or retirement advisory client.

Financial Planning for Emerging Wealth Clients

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; education planning; and debt/credit planning. Unlike our typical advisory client, Emerging Wealth clients are typically in the accumulation phase, with under \$300,000 in assets under management with our firm. Unlike our other client types, Emerging Wealth clients will not have financial planning services included with their investment advisory services. They will be subject to an additional fee outlined in the next section specifically for financial planning. This fee can be waived for legacy clients and at the discretion of the firm on an exceptional basis.

Newsletters

Pendleton offers a periodic newsletter to both clients and prospective clients. This newsletter is free of charge.

Services Limited to Specific Types of Investments

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

Written Acknowledgement of Fiduciary Status

Pendleton and its employees are fiduciaries who must take into consideration the best interests of the firm's clients. In all interactions with clients, Pendleton is committed to conducting itself with competence, dignity, integrity, and ethics. When conducting investment analysis, making investment recommendations, trading, promoting services, or engaging in other professional activities, Pendleton will use reasonable care and exercise independent professional judgment. This approach ensures that clients receive the highest standard of service and advice from Pendleton, based on their unique financial circumstances and objectives.

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. We also have a fiduciary duty under the Investment Advisers Act of 1940

with respect to all client 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.

As a fiduciary, Pendleton has the obligation to deal fairly with its clients. Pendleton has the following responsibilities when working with a client:

- 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.

C | Client Tailored Services and Client Imposed Restrictions

Pendleton will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by Pendleton on behalf of the client. Pendleton 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. These restrictions should be received in writing to, and acknowledged in writing by, Pendleton. However, if the restrictions prevent Pendleton from properly servicing the client account, or if the restrictions would require Pendleton to deviate from its standard suite of services, Pendleton 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 and transaction costs. Pendleton does not participate in wrap fee programs.

E | Assets Under Management

Pendleton has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$110,483,348.00	\$0	December 2023

Item 5: Fees and Compensation

A | Fee Schedule

Investment Management Fees

Clients of Pendleton are subject to an annual asset-based fee, calculated as a percentage of the market value of assets under Pendleton's management, in accordance with the fee schedule outlined below. In exceptional circumstances, we may negotiate fees based on the client's needs, complexity of their situation, or other relevant factors. As a result, some clients may pay fees that differ from those described in the fee schedule. The final fee schedule is detailed in a written investment advisory agreement, which is entered into with the client prior to the commencement of our services. Fees are paid monthly (1/12th the annual rate outlined below), in advance, and clients have the right to terminate their contracts at any time upon written notice to Pendleton. If a client terminates their contract, fees will be prorated for the period when services were provided.

At any time, both parties may terminate this agreement and any fees charged for that month will be refunded in full. If a client terminates the agreement within 5 business days of signing the written advisory agreement, they may do so without penalty and receive a full refund of any fees charged for that month.

Households over \$500,000

The following annual fee rate schedule applies to individual clients, corporate brokerage accounts, and commingled ERISA qualified retirement plans with a household value of assets managed by Pendleton of \$500,000 or more:

Asset Level	Annual Rate
\$1 - \$1,000,000	1.00%
Next \$2 million (\$1,000,001 - \$3,000,000)	0.85%
Next \$2 million (\$3,000,001 - \$5,000,000)	0.75%
Next \$10 million (\$5,000,001 - \$15,000,000)	0.40%
\$15,000,001 and above	0.20%

**Financial planning services are included in the fee above.*

Households under \$500,000

The following annual fee rate schedule applies to individual clients, corporate brokerage accounts, and commingled ERISA qualified retirement plans with a household value of assets managed by Pendleton of \$500,000 or less:

Asset Level	Annual Rate
\$1 - \$500,000	1.25%

**Financial planning services are included in the fee above if the household has more than \$300,000 in assets managed by Pendleton.*

Households under \$300,000

In addition, Pendleton offers a service called Emerging Wealth, for clients usually in the accumulation phase, whose total portfolios available for management (and those assets managed by Pendleton) are less than \$300,000 and need ongoing financial planning. The fee for this financial planning service is \$600 per quarter in advance, plus an additional investment advisory fee as stated above for any assets Pendleton manages. Pendleton can consider a household to be multigenerational and will usually waive this fee for extended family when the entire family meets a larger total asset level with our firm.

Pension Consulting & ERISA Retirement Advisory Services Fees

For ERISA-qualified plan (daily valuation) consulting arrangements, the fee schedule is as follows:

Asset Level	Annual Rate
\$0 - \$1,000,000	1.00%
Next \$2 million (\$1,000,001 - \$3,000,000)	0.60%
Next \$2 million (\$3,000,001 - \$5,000,000)	0.30%
Next \$10 million (\$5,000,001 - \$15,000,000)	0.20%
\$15,000,001 and above	0.10%

The minimum fee is \$500 per month / \$1500 per quarter + travel expenses for 3(21) and 3(38) Fiduciary status. ERISA fees are paid either monthly or quarterly, depending on where the assets are housed, in advance.

Under certain circumstances, these fees are negotiable, and the final fee schedule will be memorialized in the client's advisory agreement.

Both parties may terminate the agreement without penalty for a full refund of Pendleton's fees within five business days of signing the Investment Advisory Contract. Thereafter, both parties may terminate the pension consulting agreement generally with 30 days' written notice. Pendleton bills based on the balance on the last day of the preceding billing period.

B | Payment of Fees

Payment of Investment Management Fees

Asset-based investment management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in advance. Pendleton bills based on the balance on the last day of the preceding billing period. Client relationships can be canceled at any time by either party.

Payment of Pension Consulting Fees

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a monthly or quarterly basis. Fees are paid in advance.

Fixed pension consulting fees are paid monthly or quarterly in advance.

Client relationships can be canceled at any time by either party.

Payment of Selection of Other Advisers Fees

Fees for selection of SEI Investments as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in advance. Client relationships can be canceled at any time by either party.

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

D | Prepayment of Fees

Pendleton collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate* times the number of days elapsed in the billing period up to and including the day of termination. (*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

E | Outside Compensation for the Sale of Securities to Clients

Neither Pendleton 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, including 12b-1 fees.

F | Rollover Recommendations

As part of our investment advisory services to you, Pendleton may recommend that you roll assets from your employer's retirement plan (such as a 401(k), 457, or ERISA 403(b) account) to an individual retirement account (such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA) that we manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. These recommendations fall under our investment advisory services, and we act as fiduciaries under the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code (IRC) when making such recommendations. These laws govern retirement accounts, and we take our fiduciary responsibilities seriously when providing rollover recommendations to our clients.

If clients choose to roll their assets to an IRA that is subject to our management, we will charge an asset-based fee as outlined in the advisory agreement executed with our firm. However, this creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to clients, as it would result in additional fee-based compensation for our firm. Clients are not contractually obligated to complete the rollover, and even if they do, they are not obligated to have the assets in an IRA managed by our firm.

To address this conflict of interest, we operate under a special rule that requires us to act in the best interests of our clients and prioritize their interests above our own when making rollover recommendations. This means that we will recommend a rollover only if we believe it is in the client's best interest and not solely for the purpose of generating additional fees for our firm.

When considering whether to complete a rollover to an IRA, clients should be aware that many employers allow former employees to keep their retirement assets in their company plan. In addition, current employees may be able to move assets out of their company plan before retirement or changing jobs. There are typically four options available to employees in this situation:

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

Each of these options has its own advantages and disadvantages, and it is important for clients to understand the differences between these types of accounts. To help clients make an informed decision, we will provide an explanation of the pros and cons of both account types, as well as the basis for our recommendation that the rollover transaction we suggest is in your best interests.

Additional Information

The Firm does not receive 12b-1 Fees.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

Cash Balances

A portion of your assets may be held in cash and remain uninvested, either as cash itself or in cash alternatives such as money market fund shares. The decision to allocate a portion of your assets to cash and cash equivalents may be based on several factors, including a desire for exposure to cash as an asset class, support for a phased market entrance strategy, the need for available funds to meet withdrawal needs or pay fees, or to provide asset protection during periods of market volatility. Please note that our investment advisory fees will apply to your cash and cash equivalents. This means that negative performance on the cash portion of your portfolio may occur if the investment advisory fees charged are higher than the returns generated from your cash holdings. However, we strive to minimize fees and ensure that any allocation to cash is optimized to meet your investment objectives.

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

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

Item 7: Types of Clients

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

- Individuals
- High-Net-Worth Individuals
- Pension and Profit-Sharing Plans
- Charitable Organizations
- Corporations

There is no account minimum for any of Pendleton's services, though there are minimum fees charged for various services as outlined above.

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

A | Methods of Analysis and Investment Strategies

Methods of Analysis

Pendleton utilizes several strategies of analysis to identify investments that maximize the likelihood of achieving your financial objectives. These analytical methods form a part of our long-term buy-and-hold strategy, which is rooted in academic research and supported by historical evidence.

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental analysis is our primary method of determining investments within our targeted asset allocation models and involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. 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.

Although fundamental analysis aims to measure the intrinsic value of a security by evaluating economic and financial factors, it does not intend to predict market movements. This can pose a potential risk since the security price may fluctuate with the overall market, irrespective of the economic and financial factors assessed during stock evaluation. To mitigate this risk, we create a portfolio with a deliberate structure that takes into account long-term historical returns, historical volatility, and asset correlation when investing our clients' money.

Cyclical analysis is used to a lesser extent and involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Asset allocation is a critical component of our investment strategy. Rather than focusing on selecting individual securities or assets for your portfolio, we aim to identify a suitable allocation of various types of investments, such as securities, fixed income, and cash, based on your investment goals, time horizon, and risk tolerance. While this approach may result in missing out on sharp increases in a specific security, industry, or market sector, it helps to mitigate risk and achieve long-term objectives. However, it's important to recognize that the allocation of securities, fixed income, and cash may change over time due to market movements, which, if left unaddressed, may no longer align with your investment goals.

Modern portfolio theory is our primary method of portfolio construction and financial planning, modeling, and forecasting and 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. 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.

Monte Carlo analysis is a simulation method we use in financial planning to analyze the potential outcomes of investment decisions and assess the probability of achieving specific financial goals. This analysis involves creating multiple hypothetical scenarios and calculating the likelihood of each scenario based on a set of input assumptions, such as investment returns, inflation rates, and life expectancy. By generating a range of possible outcomes, Monte Carlo analysis helps to identify potential risks and opportunities associated with different investment strategies and aids in making more informed financial planning decisions.

Investment Strategies

Pendleton attempts to reduce the risk of loss in client accounts. However, investing in securities (stocks, mutual funds, ETFs, bonds, etc.) always involves a risk of loss that you, as a client, should be prepared to bear.

Long-term investing is our primary method of investment management and 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 investing is used mostly with cash, cash equivalents and bonds to fund income needs. 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. It is important to keep us informed about what your cash needs are to ensure we aren't forced unexpectedly to sell positions designated for the long-term to fund a liquidity need.

Options transactions involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire

out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

Selection of Other Advisers: Although Pendleton will seek to select only money managers who will invest clients' assets with the highest level of integrity, Pendleton's selection process cannot ensure that money managers will perform as desired, and Pendleton will have no control over the day-to-day operations of any of its selected money managers. Pendleton would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

Model Portfolios: We have created several model portfolios that cater to various client goals, risk tolerance, and cash flow needs. Each client is assigned a specific model portfolio based on their individual requirements. However, every client's portfolio may not be identical due to differences in initial investment timing, personal preferences, and legacy holdings. We aim to construct portfolios with similar asset allocation and risk levels for clients with comparable objectives and risk tolerance. This approach ensures a similar percentage of investments in international companies, fixed income, large/mid/small cap companies, and different market sectors.

When we create a portfolio for clients, we carefully consider the appropriate allocation for each of the following components:

- International equities, including developed and emerging markets
- Large, mid and small sized companies (capitalization size)
- Mix of growth and value companies
- Fixed income types: taxable, tax-free or municipal bonds, international bonds, TIPS (Treasury Inflation Protected Securities), asset-backed securities, and high-yield bonds.
- Fixed income duration: ultra short, short, intermediate, and long-term debt

Once we have determined the appropriate asset allocation for each model portfolio, we then search for the best investment vehicle to provide exposure to those areas, including:

- Individual stocks and bonds
- Mutual funds (equities and fixed income)
- Exchange-Traded Funds (equities and fixed income)

We follow a comprehensive investment process to determine the most suitable investment vehicle for a given asset allocation. Once we have identified the right investment vehicle, we conduct a rigorous due diligence process to select securities that align with our investment

objectives. Our approach is focused on long-term outcomes, diversification, client suitability, and tax efficiency.

Individual Company Stock Selection

For individual company stock selection, we adopt a bottom-up approach to identify high-quality companies with a market capitalization of at least \$500 million. We seek stocks that are currently undervalued or discounted relative to their historical or future growth prospects, and we prefer companies with a solid track record of consistent earnings and cash flow growth, healthy balance sheets, and a competitive position in their markets. We also favor companies that engage in shareholder-friendly activities like paying dividends and buying back shares when they have limited external growth opportunities.

We evaluate various fundamentals to identify stocks with attractive risk/reward return profiles, such as current valuation relative to projected earnings growth, profit margins, earnings, and dividend consistency, financial leverage, return on invested capital, and the price/earnings ratio relative to the overall market and the company's historical range.

Additional Asset Selection and Monitoring

Additionally, we invest in fixed income to provide diversification, a source of spending during negative equity markets, and to mitigate volatility, based on the client's circumstances. We may also include a small number of alternative investments in a client's portfolio, depending on market conditions.

We have compiled a recommended list of securities based on our research and analysis, which we continually monitor for any new developments. Furthermore, every security in our coverage universe is formally reviewed at least twice a year and more often if circumstances warrant.

B | Material Risks Involved

Pendleton wants to make it clear that no investment is completely risk-free. There is always a risk of loss when investing in securities, including the possibility of losing the entire amount invested. It is important for all investors to be aware of these risks and be prepared to accept them. We prioritize ensuring that our clients understand the investment risks they are taking and work with them to select investment strategies that align with their risk tolerance.

We would like to highlight that we typically invest all or a significant portion of our clients' assets in mutual funds and ETFs. We urge investors to review the prospectus or other offering documents of each mutual fund or ETF in which they invest for additional risks and other considerations.

Investment risk comprises systematic risk and unsystematic risk. Unsystematic risk is associated with a particular investment and is not related to the whole market. On the other hand,

systematic risk is the risk related to the overall market, which is not unique to any particular investment vehicle.

To reduce unsystematic risk, investors can create a diversified portfolio across various sectors and companies. However, it is impossible to eliminate systematic risk as macroeconomic factors such as inflation, unemployment, corporate earnings, commodity prices, and interest rates all influence the prices of risky assets. It is possible to lower systematic risk by diversifying internationally, as economic variables in the US are not perfectly correlated with those in other countries. Nevertheless, investing internationally also exposes investors to risks associated with social, political, and economic factors, as well as fluctuating exchange rates.

Investors should also be prepared to bear other risks, such as:

- **Inflation risk** refers to the potential loss of purchasing power due to the erosion of the value of money over time because of inflation. This means that the same amount of money will be able to buy fewer goods or services in the future than it can today. Inflation can be caused by a variety of factors, such as changes in the money supply, fluctuations in demand and supply, and changes in government policies. As a result, investors face the risk that the returns on their investments may not keep pace with the rate of inflation, leading to a decrease in real purchasing power.
- **Interest rate risk:** Changes in interest rates can lead to fluctuations in the prices of investments. For example, when interest rates increase, the yields on existing bonds become less attractive, causing their market values to decrease. As a result, investors who own those bonds may experience a decline in the value of their investment.
- **Reinvestment risk** is the possibility that future returns on an investment may have to be reinvested at a lower rate of return. This risk is particularly relevant to fixed income securities. When interest rates decrease, fixed income securities such as bonds may be called, redeemed, or mature, forcing investors to reinvest the proceeds at a lower interest rate. This can result in lower returns than anticipated and may affect an investor's ability to achieve their investment goals.
- **Market risk** refers to the possibility of losing money due to the decline in the value of a security, bond, or mutual fund caused by external factors, independent of the underlying circumstances of the security. This type of risk can arise due to various tangible and intangible events and conditions, such as political, economic, and social factors. It is important to note that market risk is beyond the control of individual investors, and it affects the overall market rather than a particular investment.
- **Liquidity risk** refers to the possibility that an investor may not be able to sell an investment quickly or easily at a fair market price. Assets that are less liquid may be more difficult to sell, especially during market downturns, and may result in a loss of value or a delay in obtaining cash. Treasury bills are considered highly liquid, while alternative investments such as non-traded REITs may have limited liquidity due to their structure and the limited number of potential buyers.

- **Financial risk** refers to the risk of a company being unable to meet its financial obligations. When a company relies heavily on borrowing to finance its operations, it increases its financial risk. This is because the company must meet the terms of its debt obligations in both good and bad times. During periods of financial stress, such as a recession, the company's ability to meet its debt obligations may be compromised, which can result in bankruptcy or a decline in its market value. Therefore, investing in companies with high levels of debt or with a history of financial difficulties may expose investors to higher financial risk.
- **Business risk** refers to the risk associated with a specific industry or company within an industry. For instance, companies involved in the oil drilling industry face a greater risk of profitability compared to electric companies, which have a steady stream of customers regardless of the economic environment. For oil drilling companies, profitability depends on the success of finding oil and refining it, which can be a lengthy process.
- **Currency risk**, also known as exchange rate risk, is the potential for losses in investments denominated in foreign currencies due to fluctuations in exchange rates. This means that changes in the value of the foreign currency in relation to the investor's domestic currency can impact the return on investment. For example, if an investor buys a foreign stock that is denominated in a foreign currency that decreases in value against their domestic currency, the investor could experience a loss even if the stock's price remains stable. To reduce the impact of currency risk, investors may choose to hedge their currency exposure or diversify their investments across different currencies.
- **Pandemic risk** refers to the potential impact of large-scale outbreaks of infectious diseases on individuals, society, and the economy. Such outbreaks can lead to significant morbidity and mortality across a wide geographic area, and can cause economic, social, and political disruptions that can affect financial markets and investment portfolios.
- **Cybersecurity risk** refers to the potential of a security breach due to both intentional and unintentional events that can result in the loss of proprietary information, corruption of data, or operational disruption. In the event of a cybersecurity breach, an account may face regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and financial losses.

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 (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

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

Equity investment generally refers to buying shares of stocks in companies 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 (iNAV), 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. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the

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

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

Private equity funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

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

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

Commodities are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

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

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

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

Item 9: Disciplinary Information

A | Criminal or Civil Actions

There are no criminal or civil actions to report.

B | Administrative Proceedings

There are no administrative proceedings to report.

C | Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Gray Ellis Pendleton, CFP® was previously registered with FINRA. *Gray has never had Disclosures at any point during his career*, as can be verified in the links below. Disclosures can be customer complaints or arbitrations, regulatory actions, employment terminations, bankruptcy filings and certain civil or criminal proceedings that they were a part of.

Gray Ellis Pendleton, CFP®: <https://brokercheck.finra.org/individual/summary/5968190>

Gray Ellis Pendleton, CFP® is a CERTIFIED FINANCIAL PLANNER professional. As can be verified in the link below *he has no CFP Board disciplinary history*.

<https://www.cfp.net/verify-a-cfp-professional/certification-and-background/ebeabfcf-940e-40b9-837b-210e5b71ea97>

Item 10: Other Financial Industry Activities and Affiliations

A | Registration as a Broker/Dealer or Broker/Dealer Representative

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

B | Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Pendleton 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

Gray Ellis Pendleton, CFP® is a licensed insurance agent with Financial Success Guide, Inc. & Preferred Planning & Insurance, Inc. Gray has also been licensed as a viatical settlements broker and may at some point be licensed again. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of Pendleton are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. Pendleton addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. Pendleton periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. Pendleton will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by Pendleton's supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

Gray Ellis Pendleton, CFP® acts as a real estate agent and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Pendleton always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of Pendleton in connection with such individual's activities outside of Pendleton.

Gray Ellis Pendleton, CFP® and his wife, Caroline, own several personal rental properties. Caroline is responsible for the management of these properties.

Gray Ellis Pendleton, CFP® is an author and intends to publish what he has written. These publications may be made available for sale to the general public, including clients of the firm.

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

Pendleton has discretion to choose third-party investment advisers to manage all or a portion of the client's assets. Clients will pay Pendleton its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between Pendleton and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency. Pendleton will always act in the best interests of the client,

including when determining which third-party investment adviser to recommend to clients. Pendleton will ensure that all recommended advisers are licensed or notice filed in the states in which Pendleton is recommending them to clients.

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

A | Code of Ethics

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

B | Recommendations Involving Material Financial Interests

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

C | Investing Personal Money in the Same Securities as Clients

We believe it is important to invest alongside our clients in the same or very similar strategies or securities. Representatives of Pendleton may buy or sell securities for themselves that they also recommend to clients, because we invest in the same or very similar strategies ourselves. This may provide an opportunity for representatives of Pendleton to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Pendleton will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D | Trading Securities At/Around the Same Time as Clients' Securities

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

Item 12: Brokerage Practices

A | Factors Used to Select Custodians and/or Broker/Dealers

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

Pendleton recommends Schwab Institutional, a division of Charles Schwab & Co., Inc., Fidelity Brokerage Services LLC, and SEI Investments Company, as independent qualified custodians.

1. Research and Other Soft-Dollar Benefits

While Pendleton has no formal soft dollars program in which soft dollars are used to pay for third party services, Pendleton may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Pendleton may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Pendleton does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Pendleton benefits by not having to produce or pay for the research, products or services, and Pendleton will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Pendleton's acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. Brokerage for Client Referrals

Pendleton 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

Pendleton may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to Pendleton to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless Pendleton is able to engage in "step outs"); and trades for the client and other

directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

B | Aggregating (Block) Trading for Multiple Client Accounts

If Pendleton 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, Pendleton would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Pendleton would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Item 13: Review of Accounts

A | Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for Pendleton's advisory services provided on an ongoing basis are reviewed at least annually by Gray Ellis Pendleton, CFP®, Chief Compliance Officer and Managing Member, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Pendleton are assigned to this reviewer.

B | Factors That Will Trigger a Non-Periodic Review of Client Accounts

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

C | Content and Frequency of Regular Reports Provided to Clients

Each client of Pendleton's advisory services, provided on an ongoing basis, will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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)

Pendleton may receive compensation from third-party advisers to which it directs clients, specifically Pendleton may refer clients to Synergy Benefits.

With respect to Schwab, Pendleton receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. 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. For Pendleton client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

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

Pendleton has access to a variety of economic benefits, services, and products in connection with Pendleton's use of SEI's investment adviser platform. The terms and availability of these benefits vary among advisors on the SEI platform (including Pendleton) depending on the business conducted with SEI and other factors. These services generally help Pendleton conduct its advisory business, but each specific benefit does not necessarily benefit each client.

Beyond access to SEI investment products, these include conferences, seminars and other educational and networking activities, business entertainment, reimbursement of travel and attendance expenses, research and other investment support services (such as client proposal and other financial planning support), technical and operational solutions (including the SEI Wealth Platform), marketing assistance (including joint marketing designed to promote SEI investment products), compliance services, human resources consulting, risk management/insurance assistance, front office, middle office, back office and other administrative support (including providing clerical staff to assist in the completion of required paperwork), SEI attendance at client meetings, information technology services, continuity and succession planning, access to financing and banking options, trust services, portfolio reporting, automatic rebalancing, tax loss harvesting, waiver or payment of certain fees (including paying account transfer fees or other charges that Pendleton or its clients would incur when changing service providers), vendor discounts, discount pricing on SEI services, and broader practice management consulting. These benefits may be provided via SEI, its affiliates, or third parties and may be made available to Pendleton at no fee, at a discounted fee, or via financial compensation provided by SEI. Some of these offerings depend on Pendleton conducting a minimum amount or type of current or expected future business with SEI, or having a minimum account size or amount of assets under management with SEI or invested in SEI investment products. Certain of these services or products, including those provided by or paid for by SEI, may be used by Pendleton in connection with its general business activities, in addition to supporting Pendleton's interaction with SEI systems. The benefits, services, products, or payments discussed herein may be significant to Pendleton and create an incentive for Pendleton to utilize SEI services or investment products for its customers rather than other service providers or investment products. However, Pendleton strives at all times to put the interests of its clients first, including when selecting custodians or investment products for clients. Pendleton is independently owned and operated; it is not affiliated with SEI.

B | Compensation to Non – Advisory Personnel for Client Referrals

Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. Pendleton will ensure each solicitor is exempt, notice filed, or properly registered in all

appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-1 under the Advisers Act, where applicable.

Item 15: Custody

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

Item 16: Investment Discretion

Pendleton 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, Pendleton 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, Pendleton'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 Pendleton).

Item 17: Voting Client Securities (Proxy Voting)

Pendleton 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

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

B | Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

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

C | Bankruptcy Petitions in Previous Ten Years

Pendleton has never been the subject of a bankruptcy petition.

Privacy Policy

At Pendleton, we strive to offer our clients peace of mind by prioritizing the protection of their private information. This privacy notice is applicable to all current and previous customers who have shared their information with us through our website, phone, and in-person interactions. We recognize that you have entrusted us with your financial information, and we are committed to safeguarding it.

Information we collect

We collect your nonpublic personal information in a variety of ways, depending on the level and type of services we provide. To provide the most comprehensive range of services, we collect nonpublic personal information from applications, agreements, or other forms we provide, as well as through transactions with us and non-affiliated third parties that may assist us in processing your authorized transactions.

Information we disclose

We may disclose nonpublic personal information, such as your name, address, social security number, assets, and income, which we receive from you on applications, agreements, or other forms. Additionally, we may disclose information about your transactions with us, our affiliates, or others, such as your account balance, payment history, and parties involved in transactions, for the sole purpose of processing a transaction that you have requested or authorized.

Parties to whom we disclose information

We want to assure you that we do not, and will never, sell your personal information to any third party. However, we may disclose your non-public personal information to third parties that help us process the transactions that you have either requested or authorized. These third parties may include custodian banks, broker-dealers, and other financial intermediaries. In some cases, we may provide limited information about a client and their financial situation to a third-party professional, who is bound by a confidentiality agreement and consulted by the advisor to develop the client's investment strategy. Rest assured that we take your privacy seriously and only share your information with third parties as necessary to provide you with the best possible services.

Confidentiality and security

Confidentiality and security are paramount at our firm. We understand the sensitive nature of the information you share with us and take every measure to ensure its safety. Our policies and procedures comply with industry standards and federal regulations to protect your personal and financial information.

We maintain physical, electronic, and procedural safeguards to ensure the confidentiality and security of your information. Our physical safeguards include secure facilities, locked file cabinets, and restricted access to our offices. Our electronic safeguards include firewalls, secure networks, and data encryption. We also use comprehensive internal controls to restrict access to your information to only those who need it to provide our services.

We take pride in our commitment to confidentiality and security and are dedicated to providing you with peace of mind when you entrust us with your information.

Please contact our office at 919.781.4167 or via email at team@pendletonfinancial.com if you have any questions or concerns regarding this document.



2607 Oberlin Road, Suite 100

Raleigh, NC 27608

(919) 781-4167

team@PendletonFinancial.com

March 18, 2024



Pendleton Financial, LLC

Form ADV Part 2B – Individual Disclosure
Brochure

for

Gray Ellis Pendleton, CFP®

Personal CRD Number: 5968190

Investment Adviser Representative

This brochure supplement provides information about Gray Ellis Pendleton, CFP® that supplements the Pendleton Financial, LLC brochure. You should have received a copy of that brochure. Please contact Gray Ellis Pendleton, CFP® if you did not receive Pendleton Financial, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Gray Ellis Pendleton, CFP® is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Name: Gray Ellis Pendleton, CFP®

Born: 1984

Educational Background and Professional Designations:

Gray has been providing comprehensive financial planning advice to clients since 2010. Prior to working with individual clients, Gray graduated with a degree in Economics and gained admittance into one of the most rigorous investment banking programs in the world for college graduates with Bank of America (Bank of America Securities), working on a credit derivative trading desk. Gray grew up in the business, working initially in grade school on company newsletters. He also worked for a Broker-Dealer doing investment analysis during college.

In addition to the education listed below, Gray is a believer in constant education and improvement. He fondly remembers beginning to read the Wall Street Journal during lunch in Middle School, and it is one of the many publications he still reads to this day. Gray reads thousands of pages of financial text annually and attends training conferences across the country. This ongoing commitment to education equips him with the knowledge and skills necessary to offer his clients the highest quality advice possible.

Education:

Executive Certificate Financial Planning, Duke University - 2015

Bachelor of Arts Economics, Hampden-Sydney College - 2007

Designations:

CFP® - Certified Financial Planner

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- i. Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- ii. Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

AIF® - Accredited Investment Fiduciary®

The AIF® mark is held by the Center for Fiduciary Studies, LLC, a Fiduciary360 (fi360) company. The professional designations awarded by fi360 demonstrate the focus on all the components of a comprehensive investment process, related fiduciary standards of care, and commitment to excellence. AIF® designees undergo an initial training program, annual continuing education, and pledge to abide by the designation's code of ethics.

Since October 2002, the Accredited Investment Fiduciary® (AIF®) designation has been the mark of commitment to a standard of investment fiduciary excellence. Those who earn the AIF® mark

successfully complete a specialized program on investment fiduciary standards of care and subsequently passed a comprehensive examination. AIF® designees demonstrate a thorough understanding of fi360's Prudent Practices for investment advisors and stewards.

AIFA® - Accredited Investment Fiduciary Analyst™

The AIFA® mark is held by the Center for Fiduciary Studies, LLC, a Fiduciary360 (fi360) company. Those who earn the AIFA® mark, successfully complete a specialized program on investment fiduciary standards of care, pass a comprehensive examination and attest to a Code of Ethics. The AIFA® designation represents a thorough knowledge of and ability to apply the fiduciary Practices.

Through fi360's AIFA® Training programs, AIFA® designees learn the Practices and the legal and best practice framework they are built upon. AIFA® designees have a reputation in the industry for the ability to implement a prudent process into their own investment practices as well as being able to assist others in implementing proper policies and procedures. AIFA® designees are qualified to conduct independent fiduciary reviews for nonprofit endowments and foundations, ERISA retirement plans, private family trusts and high net worth individuals. Continuing Education Requirements: ten combined hours of continuing professional education each renewal year (at least six hours must be accumulated from fi360-produced sources).

PPC® - Professional Plan Consultant™

The Professional Plan Consultant™ designation was developed to teach advisors a framework for managing successful and compliant 401(k) plans. Those who successfully earn their PPC® Designation demonstrate to clients and prospects their knowledge of ERISA requirements for employer-sponsored retirement plans and their ability to carry out plan services with a fiduciary standard of care. Program graduates must sit for either a two-day training class or complete the equivalent web-based training program, pass a comprehensive final exam, sign off on a FSS Code of Ethics, and commit to ongoing training in retirement plan management.

Business Background:

03/2023 – Present	Chief Compliance Officer Pendleton Financial, LLC
12/2010 – 03/2023	Financial Planner Pendleton Financial Consulting, Inc.
01/2013 – 05/2023	Concourse Financial Group Securities, Inc. Registered Representative
03/2013 – 05/2023	Concourse Financial Group Securities, Inc. Investment Adviser Representative
06/2007 – 12/2010	Analyst Banc of America Securities/ Bank of America/ Merrill Lynch

Item 3: Disciplinary Information

Gray has no legal or disciplinary events to disclose.

Item 4: Other Business Activities

Gray Ellis Pendleton, CFP® is a licensed insurance agent with Financial Success Guide, Inc. & Preferred Planning & Insurance, Inc. Gray has also been licensed as a viatical settlements broker and may at some point be licensed again. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of Pendleton are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. Pendleton addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. Pendleton periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. Pendleton will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by Pendleton's supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

Gray Ellis Pendleton, CFP® acts as a real estate agent and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Pendleton always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of Pendleton in connection with such individual's activities outside of Pendleton.

Gray Ellis Pendleton, CFP® and his wife, Caroline, own several personal rental properties. Caroline is responsible for the management of these properties.

Gray Ellis Pendleton, CFP® is an author and intends to publish what he has written. These publications may be made available for sale to the general public, including clients of the firm.

Item 5: Additional Compensation

Gray Ellis Pendleton, CFP® does not receive any economic benefit from any person, company, or organization, other than Pendleton Financial, LLC in exchange for providing clients advisory services through Pendleton Financial, LLC.

Item 6: Supervision

As the Chief Compliance Officer of Pendleton Financial, LLC, Gray Ellis Pendleton, CFP® supervises all activities of the firm. Gray Ellis Pendleton CFP®'s contact information is on the cover page of this disclosure document. Gray Ellis Pendleton CFP® adheres to applicable regulatory requirements, together with all policies and procedures outlined in the firm's code of ethics and compliance manual.