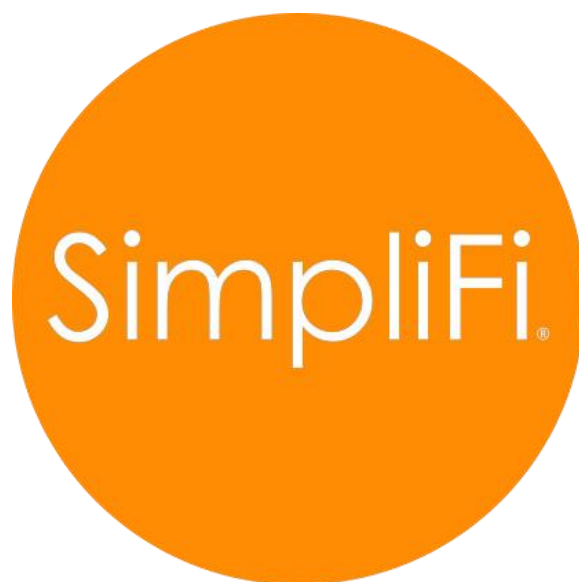


# FIRM BROCHURE

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## PART 2A OF FORM ADV March 13, 2024

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Part 2A of Form ADV (the "Brochure") provides information about the qualifications and business practices of SimpliFi, Inc. If you have any questions about this brochure's contents, please contact us at 877-692-6800 and/or [info@retiremeasap.com](mailto:info@retiremeasap.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.

SimpliFi, Inc. is a registered investment adviser with the U.S. Securities and Exchange Commission, however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made. Additional information about SimpliFi is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: MATERIAL CHANGES**

The purpose of this page is to inform you of any material changes to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

SimpliFi, Inc. ("SimpliFi") reviews and updates our brochure at least annually to confirm that it remains current. We made the following material changes to our brochure with the annual update, dated March 13, 2024:

### ***Item 4 – Advisory Business and Item 5 – Fees and Compensation***

- We added an option to pay a fixed rate for financial planning projects as an alternative to our hourly rate.

### ITEM 3: TABLE OF CONTENTS

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## **ITEM 4: ADVISORY BUSINESS**

SimpliFi, Inc. ("SimpliFi" or the "Firm") is a San Diego, California-based investment advisory firm founded in 2010 (previously doing business as Sigdestad Financial under unaffiliated broker-dealers and registered investment advisers since 2005). SimpliFi is registered with the Securities and Exchange Commission ("SEC") as an investment adviser and is organized under the laws of the State of California as a corporation. SimpliFi offers customized investment management and financial planning services to individuals and high-net-worth individuals. Some of the investment instruments SimpliFi advises its clientele on include, among other things, mutual funds, exchange-traded funds ("ETFs"), stocks, and bonds. No minimum is required to open and maintain an investment advisory account with the Firm. SimpliFi periodically sends newsletters, e-mails, and other correspondence of general market and retirement-related information and items of interest to its clients and prospective clients on a complimentary basis. In addition, SimpliFi holds complimentary informational seminars for its clients and prospective clients geared toward retirement and investment needs.

SimpliFi is 100% owned by Eric A. Sigdestad. Mr. Sigdestad also serves as SimpliFi's CEO.

SimpliFi offers clients financial planning and investment management services described below. A client can engage SimpliFi for financial planning services and/or investment advisory services.

### **Investment Advisory Services**

At the inception of our relationship, SimpliFi will conduct an initial interview with each client (either in person, by teleconference, or via a questionnaire) to determine the client's financial circumstances, goals, risk tolerance, and other relevant information. SimpliFi then uses this information to make investment recommendations based on the client's investment objectives.

SimpliFi offers investment advisory services on a discretionary basis. This means that the client grants SimpliFi trading authority to buy, sell, and trade in stocks, bonds, mutual funds, index funds, ETFs, structured products and other securities and/or contracts relating to the same within the client's account. SimpliFi will monitor and measure investment results for the client, which will be further discussed with the client at periodic intervals (typically, not less than annually).

Before engaging SimpliFi to provide investment advisory services, each client must enter into a written Investment Advisory Agreement with the Firm, which will describe the management fees to be charged and the terms and conditions under which SimpliFi will render its services. Upon execution of the Investment Advisory Agreement, SimpliFi will work with the client to establish or transfer investment accounts so that the Firm can manage the client's portfolio. SimpliFi periodically will rebalance or adjust client accounts under its management. SimpliFi will continue to provide services until terminated by the client or SimpliFi in accordance with the provisions outlined within the agreement.

Investment advice is based on the client's financial situation at the time the services are provided and is based on financial information disclosed by the client. If the client experiences any significant changes to his/her financial or personal circumstances, it is the client's responsibility to timely notify the Firm so that such information can be used in managing the client's portfolio. Clients should refer to SimpliFi's Investment Advisory Agreement for important additional information.

SimpliFi will use its reasonable efforts to comply with any investment guidelines, including any reasonable restrictions on investing in certain securities or types of securities requested by the client.

SimpliFi also provides discretionary asset management services for certain non-retirement custodial accounts such as UTMA/UGMA and 529 plan portfolios (referred to herein as "custodial accounts") investing solely in mutual funds held directly on a mutual fund sponsor's platform. SimpliFi will allocate the custodial account assets among the mutual funds available within the platform, taking into consideration the objectives of the

client. These custodial accounts will only be rebalanced, if needed, once or twice per year, following limitations imposed by the mutual fund sponsor.

### **Financial Planning Services**

SimpliFi's Financial Planning Services are designed to provide the client with an analysis of steps the client may wish to consider within their investment accounts and financial situation to help achieve the client's financial goals and objectives. To begin this process, SimpliFi generally will interview the client to gather the necessary information to assess the client's current financial situation. Based upon this initial interview, SimpliFi will request that the client provide SimpliFi with the necessary documentation to assess the client's current and anticipated investment positions and financial objectives. The client has the discretion to accept or reject SimpliFi's recommendations contained in the client's financial plan. SimpliFi will rely upon the information provided by the client. The client is responsible for providing updated, accurate, and complete information. All clients are urged to work with his/her attorney and tax advisor to implement the financial plan's recommendations.

### **Assets Under Management**

SimpliFi manages client assets in discretionary accounts on a continuous and regular basis. As of December 31, 2023, the total amount of assets under our management was \$240,182,982.00.

## **ITEM 5: FEES AND COMPENSATION**

### **Investment Advisory Services**

Unless otherwise negotiated and memorialized in the client's Investment Advisory Agreement, SimpliFi management fees are charged quarterly and are based on the market value of the assets under management ("AUM") in the client's account(s), including cash and cash equivalents, as of the close of business on the last business day of the previous calendar quarter based on the following tiered schedule:

<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
First \$50,000	2.00%
Next \$200,000	1.25%
Next \$250,000	0.90%
Above \$500,000.01	0.70%

Accordingly, the first \$50,000 in the account will have SimpliFi management fees charged at 2% per year, the next \$200,000 in the account will be charged at 1.25% per year, the next \$250,000 in the account will be charged at .9% per year, and the balance of money in the client's account that is above \$500,000.01 will be charged at .7% per year.

SimpliFi management fees are calculated and charged quarterly in advance. SimpliFi management fees are automatically debited from the client's account(s) held by the Custodian, as soon as practical following the last business day of each calendar quarter. If investment advisory services begin in the middle of the billing period, the prorated management fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed. If a deposit in excess of \$10,000 occurs during a billing period after the fee calculation, the fee for the billing period will be recalculated at the end of the billing period and the Firm will bill the client a second fee pro-rata, in arrears, on the additional deposits. If a withdrawal in excess of \$10,000 occurs during a billing period after the fee calculation, the fee for that billing period will be

recalculated at the end of the billing period and the client will be refunded the pro-rata fee that was attributable to the amount of the withdrawal. The Custodian will send client statements at least quarterly, showing all payouts from the account, including the management fee, if deducted from the account.

SimpliFi will use household client Accounts to calculate breakpoints; SimpliFi defines a household as all individuals living at the same residential address. Consequently, SimpliFi management fees are calculated based on the breakpoint achieved (if any) based on the combined assets of all client Accounts within a household. Each client account will typically be billed individually for its respective share of fees owed to SimpliFi unless instructed otherwise.

If SimpliFi's services are terminated mid-quarter, any paid, unearned management fees will be promptly refunded to the client. The number of days the account was managed during the quarter until termination is used to determine the percentage of the management fee earned.

### **Custodial Account Platform Management**

SimpliFi does not charge fees for the management of custodial account assets. However, clients should be aware that the mutual fund sponsor will charge separate fees, including, but not limited to, initial setup fees and annual maintenance fees. As the custodial accounts invest in mutual funds, clients will also pay the fund a management fee and sub-transfer agency fee. SimpliFi has no control over the level of these fees and does not receive any portion of these fees and charges.

To the extent the custodial account is a 529 plan account, Clients should also be aware that the tax considerations related to purchasing a 529 plan can be complex. For example, if your state of residence offers any tax benefit for purchasing an in-state 529 plan, you would be foregoing those tax benefits by purchasing an out-of-state 529 plan. Please note that California does not currently offer any state tax benefits related to 529 plans. If a client is a resident of a state other than California and realizes state tax benefits are important to the client, the client should consult with their tax advisor or the 529 plan sponsor for additional information.

### **Financial Planning Service Fees**

Limited-term financial planning service fees are generally calculated on an hourly basis and are separate from SimpliFi's management fees. For our financial planning services, SimpliFi charges an hourly fee of \$400/hour. We also offer fixed rate fees for projects, if preferred. At our discretion, we may reduce or waive the fees we charge for financial planning services.

### **Other Fees and Costs**

In addition to the management fee clients pay to SimpliFi, clients will pay certain transaction charges for trade execution. These transaction charges are paid to the Custodian, vary based on the type of transaction (e.g., stocks, bonds, ETFs, mutual funds, etc.), and are communicated to clients by SimpliFi at the time clients establish an account. SimpliFi does not receive any portion of the transaction charges and the Custodian reserves the right to change the transaction charges.

The transaction charges assessed by the Custodian are in some cases lower than the charges customarily imposed by the Custodian when processing similar transactions for similar accounts. This is because SimpliFi entered into an arrangement based on the scope of business SimpliFi engages in with the Custodian, including the amount of SimpliFi's client assets with the Custodian. This presents an incentive for SimpliFi to recommend that clients use a specific custodian and executing broker/dealer for their account so that all SimpliFi's clients continue to receive favorable pricing. SimpliFi believes this arrangement benefits clients

because the transaction charges may be lower than they would be normally. As a result, SimpliFi believes that using the recommended Custodian to execute transactions for client accounts is consistent with its duty to obtain best execution.

While SimpliFi does not actively include mutual funds in portfolios, clients may incur certain charges or fees imposed by third parties other than SimpliFi if a client chooses to invest in mutual funds. Such charges can include but are not limited to mutual fund 12b-1 fees and certain deferred sales charges on previously purchased mutual funds transferred into the account (s). Information regarding fees or charges assessed by mutual funds held in client accounts is available in the appropriate prospectus.

Clients are also responsible for the fees and expenses charged by custodians, including, but not limited to, custodial fees, IRA and Qualified Retirement Plan fees, the interest charged on margin borrowing, bank service fees, the interest charged on debit balances, "spreads" imposed by brokers and dealers representing implicit transaction costs, commissions, and transfer taxes.

### **Additional Information Concerning Fees**

Either party can terminate the Investment Advisory Agreement at any time by providing written notice to the other party. In accordance with the terms of the client agreement, upon termination, the client will receive a pro-rata refund of any unearned management fees. The client will incur charges for bona fide advisory services rendered to the point of termination, and such management fees will be due and payable by the client. No interest will be added to refunds under these circumstances.

A client could invest in the same investments directly, without the services of SimpliFi. In that case, the client would not receive the services provided by SimpliFi, which are designed, among other things, to assist the client in determining which investments are most appropriate for the client's financial situation and objectives. Accordingly, clients should review both the fees charged by the Custodian and the fees charged by SimpliFi to fully understand the total fees to be paid and evaluate the advisory services being provided.

Clients should be aware that the receipt of compensation itself creates an inherent conflict of interest and could affect the judgment of these individuals when making recommendations.

### **Retirement Rollovers**

There is a conflict of interest for individuals that currently invest in an employer-sponsored retirement plan or individual retirement account that are considering a roll-out of assets from a retirement plan or account. A conflict of interest exists because SimpliFi will be compensated only if the individual rolls over the proceeds into an IRA that is then managed by SimpliFi. As a result, it can be construed that SimpliFi has a financial incentive to recommend one option over another. Therefore, the individual should include in his/her decision-making process a thorough review of all options available; for example, (i) remain invested in the current retirement plan or account (if available), (ii) transfer assets to a new employer-sponsored retirement plan (if available), (iii) transfer assets to an IRA with a financial institution, or (iv) withdraw assets directly, which would be subject to federal and applicable state and local taxes and possibly subject to the IRS penalty of 10% depending upon the age of the individual.

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

SimpliFi does not charge performance-based fees (i.e., fees calculated based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets).

## **ITEM 7: TYPES OF CLIENTS**

SimpliFi provides investment advice regarding investments and planning for individuals and high net-worth individuals. No minimum amount is required to open and maintain an investment advisory account.

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

### **Methods of Analysis, Sources of Information, and Investment Strategies**

When SimpliFi is engaged to provide investment advice, the client's current financial situation, needs, goals, objectives, and tolerance for risk are first evaluated.

In addition to several in-person or telephonic interviews with a new client, the client is required to complete a questionnaire to assist SimpliFi in formulating the client's investment objectives. Copies of certain client documents may be requested by SimpliFi to assist in conducting a more complete evaluation of the client's objectives and to devise an investment objective. SimpliFi will reasonably request some of the following documents: insurance policies, wills, tax returns, and other documents depending upon the client's circumstances, to permit a complete financial evaluation. SimpliFi shall not be required to verify any information obtained from the client, client's attorney, accountant, or other professionals and is expressly authorized to rely thereon on.

SimpliFi designs and manages investment portfolios tailored to meet the client's specific needs. SimpliFi believes that asset allocation and portfolio diversification is a crucial element in seeking long-term investment success. The appropriate asset allocation strategy is derived by assessing the goals and circumstances of each client and selecting the portfolio that we believe best suits their level of risk tolerance, overall investment objective, and time horizon.

Asset level and sector classifications are sourced from third-party research providers, for example, the Schwab research platform and Morningstar. The asset allocation mix of each investment strategy is based on past historical risk-adjusted asset class performance dating back to 1970 sourcing historical data. In addition to the use of ETFs (exchange-traded funds) in specific asset class categories, portfolios are tactically up-weighted or down-weighted. Weighting regarding asset classes is based on macro-economic inputs to account for the direction of interest rates, tax law changes, and/or currency fluctuations. World allocation funds may also be utilized to facilitate an element of country rotation.

Third-party research is utilized to select investments in each category. Past historical performance of each fund is reviewed over a 3, 5, 10, and inception-to-date basis. Investments should historically be above the median in performance relative to their peers and must have consistently outperformed their respective benchmarks in both up and down markets. Funds with a longer track record of performance (at least 5 years) are preferred. When a 5-year track record is not available for a fund, SimpliFi may review similar investments manufactured by that same Firm for guidance (e.g., If a firm that manages a Separately Managed Account were to roll out a mutual fund designed to mimic the SMA's investment philosophy, portfolio holdings, trading, etc.). Fund family, manager tenure, current fund assets and historic asset growth, portfolio holdings, asset allocation, expense ratio, portfolio turnover, risk-adjusted return, alpha, beta, standard deviation of returns, up/down performance, correlation among funds, yield, and portfolio overlap are all considered during the selection of funds for use in portfolios.

Investments are periodically monitored for performance, personnel or organization change, style drift, and/or rating changes. If changes have occurred with any of the underlying investment strategies, the investment will be placed under "review" for a specified period before any action is taken. However, if significant changes



have occurred within the investment strategy, changes can be made immediately. This is consistent with the disciplined and unemotional approach utilized during our investment selection process. Past performance is not a guarantee of future results.

## **Risk of Loss**

SimpliFi's investment recommendations are subject to various markets, geographical, currency, economic, political, and business risk, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of their account, which clients should be prepared to bear. There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary is being made.

The primary risks involved in the securities recommended by SimpliFi may include, among others:

- *Stock market risk*, which is the chance that stock prices overall, will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term because of factors affecting the individual companies, industries, or the securities market as a whole. Equity securities generally have greater price volatility than fixed-income securities.
- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political, or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, which is the risk that value stocks may not increase in price, may not issue the anticipated stock dividends, or may decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks but may lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company may go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market, and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities may result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Investments in emerging markets are generally more volatile than investments in developed foreign markets.
- *Interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates. Similarly, the income from bonds or other debt instruments may decline because of falling interest rates.
- *Credit risk*, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate

throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate the performance of the index it seeks to track for several reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to the weighting of securities or number of securities held.

- *Structured products* are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are the senior unsecured debt of the issuing bank and are subject to the credit risk associated with that issuer. The credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal protection. In addition, the principal guarantee relates to the nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero-coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by SimpliFi may not produce the desired results and that legislative, regulatory, or tax developments, may affect the investment techniques available to the Firm. There is no guarantee that a client's investment objectives will be achieved.
- *Epidemics, Pandemics, Outbreaks of Disease, and Public Health Issues.* The Firm's business activities could be materially adversely affected by pandemics, epidemics, viruses, and outbreaks of disease in Asia, Europe, North America, and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, SARS, and/or other major public health issues. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, pandemic, virus, disease, or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition, and operations of the Firm.

Prior to entering into an agreement with SimpliFi, a client should carefully consider:

- committing to investment management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years;
- that volatility from investing in global capital markets can occur; and
- that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

SimpliFi does not represent, guarantee, or imply that the services or methods of analysis employed can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Past performance is no guarantee of future results.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as SimpliFi are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of SimpliFi or the integrity of its management. SimpliFi does not have any material legal or disciplinary events to discuss.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Eric Sigdestad is a Notary Public and provides this service to clients on a complimentary basis. Although Mr. Sigdestad devotes as much time to the business and affairs of SimpliFi as he believes necessary to deliver the financial planning, consulting, and investment advisory services described herein, he may devote a portion of his time to this other business activity.

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

SimpliFi has adopted a Code of Ethics ("Code") in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended. SimpliFi as a fiduciary has a duty of utmost good faith to act solely in the best interests of clients. Clients entrust SimpliFi with their investments and financial future, which in turn places a high standard of conduct and integrity. Fiduciary duty compels all employees to act with the utmost integrity in all of the dealings.

Because SimpliFi's investment professionals and associated persons can transact in the same securities for their personal accounts as they may buy or sell for client accounts, it is important to mitigate conflicts of interest. To that end, SimpliFi has adopted a standard of conduct for all of its supervised persons in the form of a Code of Ethics ("Code"), which all SimpliFi-associated persons must follow. This Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties, formulating the basis of all of our client dealings. Specifically, the Code requires personnel to obtain written pre-approval of certain securities, report personal trades and holdings, and prohibit certain trades in certain circumstances (e.g., insider trading). The Code also contains procedures for reporting violations and enforcement. The Code is distributed to personnel for review initially upon hire and when amended. SimpliFi will provide a copy of our current Code of Ethics to any client or prospective client upon request.

Clients are advised that they are not required to affect any securities transactions SimpliFi may recommend because of a Financial Planning engagement and may use any broker/dealer they choose to implement recommendations made by SimpliFi. Clients are also under no obligation to act upon any recommendations we may make because of a Financial Planning engagement.

It is SimpliFi's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur when an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as a broker for both the advisory client and for another person on the other side of the transaction. Should SimpliFi ever decide to affect cross-trades between client accounts, it will comply with the provisions of Rule 206(3) of the Advisers Act.

## **ITEM 12: BROKERAGE PRACTICES**

### **Custodian and Brokers Used by SimpliFi**

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. With the exception of custodial accounts, SimpliFi requires its clients to use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified Custodian. SimpliFi is independently owned and operated and unaffiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when SimpliFi instructs them to do so. Custodial account assets are held at the Custodian selected by the mutual fund sponsor and not SimpliFi.

While SimpliFi requires that its clients use Schwab as custodian/broker, the client must decide whether to do so and open accounts with Schwab by entering into account agreements directly with Schwab. SimpliFi does not open accounts for clients, although it might assist them in doing so. Not all advisors require their clients to use a particular broker-dealer.

### **How SimpliFi Selects Brokers/Custodians**

SimpliFi seeks to select a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. SimpliFi considers a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payments, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist SimpliFi in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
8. Reputation, financial strength, and stability
9. Prior service to SimpliFi and our other clients
10. Availability of other products and services that benefit SimpliFi, as discussed below (Products and Services Available to SimpliFi from Schwab)

### **Client Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging transaction charges or other fees on trades that it executes or that settle into clients' Schwab accounts. SimpliFi has entered into an arrangement with Schwab for certain transaction charge pricing. This favorable pricing to the client remains in place as long as SimpliFi meets certain conditions in terms of maintaining a certain level of activity and assets with Schwab. Please see the detailed discussion of the conditions and implications of the arrangement in Item 5, Fees and Compensation.

In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Schwab account. These fees are in addition to the commissions or other compensation

the client pays the executing broker-dealer. Because of this, in order to minimize trading costs, SimpliFi has Schwab execute trades for client accounts. We have determined that having Schwab execute trades is consistent with our duty to seek the "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Brokers/Custodians).

### **Products and Services Available to SimpliFi from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like SimpliFi. They provide SimpliFi and our clients with access to their institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help SimpliFi manage and grow its business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them).

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

#### Services That Benefit Our Clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access, or that would require a significantly higher minimum initial investment by our clients.

Schwab's services described in this paragraph generally benefit our clients and their accounts.

#### Services That May Not Directly Benefit Our Clients

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

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

#### Services That Generally Benefit Only SimpliFi

Schwab also offers other services intended to help SimpliFi manage and further develop its business enterprise. These services include:

1. Educational conferences and events
2. Consulting on technology, compliance, legal, and business needs
3. Publications and conferences on practice management and business succession
4. Access to employee benefits providers, human capital consultants, and insurance providers

Schwab can provide some of these services itself. In other cases, it will arrange for third-party vendors to

provide the services to SimpliFi. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide SimpliFi with other benefits, such as occasional business entertainment of its personnel.

#### SimpliFi's Interest in Schwab's Services

The availability of these services from Schwab benefits SimpliFi because the Firm does not have to produce or purchase them. These services are not contingent upon SimpliFi committing any specific amount of business to Schwab in trading commissions. SimpliFi believes the selection of Schwab as Custodian and broker is in the best interests of its clients.

SimpliFi primarily supports our selection of Schwab by the scope, quality, and price of Schwab's services (see How SimpliFi Selects Brokers/Custodians, above), not just Schwab's services that benefit SimpliFi.

#### **Research and Other Benefits**

##### "Bundled Services"

SimpliFi may receive from Schwab, without cost (or at a discount), support services and/or products that benefit SimpliFi but may not directly benefit our clients' accounts. Schwab makes available products and services that might be used to service all or some substantial number of SimpliFi's accounts. Schwab makes available products and services that assist SimpliFi in managing and administering clients' accounts, including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing, and other market data;
4. facilitate payment of SimpliFi's fees from our clients' accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help SimpliFi manage and further develop our business enterprise. These services may include:

1. compliance, legal and business consulting;
2. publications and conferences on practice management and business succession; and
3. access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may make available, arrange, and/or pay third-party vendors for the types of services provided to SimpliFi. Schwab can discount or waive fees it would otherwise charge for some of these services, reimburse SimpliFi for the cost of conferences or related expenses, or pay all or a part of the fees of a third-party providing these services to SimpliFi. Schwab may also provide other benefits, such as educational events or occasional business entertainment for SimpliFi personnel.

As part of our fiduciary duty to clients, SimpliFi endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by SimpliFi or our personnel in and of itself creates a conflict of interest and may indirectly influence SimpliFi's recommendation of Schwab for custody and brokerage services.

#### **Directed Brokerage**

SimpliFi will not allow clients to direct the Firm to use a specific broker-dealer to execute transactions. Clients must use the broker-dealer that we recommend. Not all investment advisers require their clients to trade

through specific brokerage firms. By requiring clients to use Schwab, SimpliFi believes we are able to manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio more effectively.

Since we require our clients to maintain their accounts with Schwab, it is also important for clients to consider and compare the significant differences between having assets custodied at another broker-dealer, bank, or another custodian prior to opening an account with us. Some of these differences include but are not limited to total account costs, trading freedom, transaction fees/commission rates, and security and technology services.

Clients with 401(k) accounts are not required to use Schwab and may appoint a custodian of their choosing.

### **Order Aggregation**

In some cases, SimpliFi will recommend the purchase or sale of the same security for multiple clients at the same time. In those cases, SimpliFi may combine purchase and sale orders for all clients with the same order. SimpliFi will allocate the proceeds arising out of those transactions on an average price basis among the various participants in the transactions. SimpliFi believes that combining orders in this way will be advantageous to all participants. However, the average price could be less advantageous to a particular client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants.

SimpliFi can also place orders for the same security for different clients at different times and in different relative amounts due to, among other things, initial transactions for a new client, differences in investment objectives, cash availability, size of the order, and practicality of participating in "block" transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security for the client.

SimpliFi does not combine transactions for personal and proprietary accounts with those of clients when aggregating trades.

While aggregating non-mutual fund trades may benefit clients by purchasing or selling in larger blocks, SimpliFi does not aggregate mutual fund orders, as the daily price is the same for each investor.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Investment Advisory Services**

Eric Sigdestad, the CEO and Chief Compliance Officer reviews all accounts on at least a quarterly basis. More frequent reviews might be necessary due to the client's individual circumstances, economic conditions, and other general factors affecting the performance of a client's portfolio. The frequency of reviews conducted with clients is determined by SimpliFi based on multiple factors, which typically include but are not limited to the client's assets under management (AUM) with SimpliFi and the complexity of portfolio services required.

Clients will receive transaction confirmations and/or statements at least on a quarterly basis from their account custodians. SimpliFi will also prepare and send its own quarterly account reports for all accounts except custodial accounts. Clients are encouraged to compare the account reports prepared by SimpliFi with statements received from the qualified Custodian. Collectively, these reports will list clients' account holdings as well as interest and dividends for the reporting period.

## **Financial Planning**

Typically, Financial Planning Service clients do not receive ongoing reviews, as these services tend to be performed at the request of the client under hourly and/or fixed fee arrangements, as described above in Item 5: Fees and Compensation. However, clients that wish to engage SimpliFi for a review of their investments may do so upon request.

The reporting Financial Planning clients receive is based on the services outlined in the planning agreement. Additional reporting may be arranged for at the request of the client and provided at our discretion.

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

### **Compensation for Client Referrals**

SimpliFi does not compensate any other party for client referrals.

### **Schwab Support Products and Services**

SimpliFi receives an economic benefit from Schwab in the form of the support products and services they make available to the Firm and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit the Firm, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). SimpliFi does not base particular investment advice, such as buying particular securities for our clients, on the availability of Schwab's products and services to SimpliFi.

## **ITEM 15: CUSTODY**

SimpliFi is deemed to have custody of client funds because the Firm has the authority and ability to debit its fees directly from clients' accounts. To mitigate any conflicts of interest, all SimpliFi client account assets will be maintained with an independent qualified custodian.

SimpliFi is also deemed to have custody of client's funds or securities when clients have standing authorizations with their Custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorizes SimpliFi to designate the amount or timing of transfers with the Custodian. The SEC has set forth a set of standards intended to protect client assets in such situations. SimpliFi has established policies and procedures regarding these standards.

Payment of SimpliFi's fees will be made by Schwab provided the client has given Schwab written authorization permitting the advisory fees to be deducted and paid directly from the client's account. SimpliFi will not have access to client account assets for payment of fees without client consent in writing. Further, Schwab will deliver an account statement directly to the client, which will include all transactions that took place in the account during the period covered and reflect any investment management fees deducted and paid to SimpliFi. Clients are encouraged to review their account statements for accuracy.

## **ITEM 16: INVESTMENT DISCRETION**

For investment advisory account clients that have granted SimpliFi discretion via the written client agreement, SimpliFi will have discretionary authority over:

- the securities to be bought and sold; and
- the dollar amounts of the securities to be bought and sold; the broker-dealer through which transactions will be executed.



However, the Firm's authority may be subject to conditions imposed by a client, an example of which may include where the client restricts or prohibits transactions in securities of a specific company or industry.

#### **ITEM 17: VOTING CLIENT SECURITIES**

It is SimpliFi's policy and practice to not vote proxies on behalf of its clients and, therefore, shall have no obligation or authority to act or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account. Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. SimpliFi shall not be deemed to have proxy authority solely because of providing advice or information about a particular proxy vote to a client.

SimpliFi does not instruct or give advice to clients on whether to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf.

#### **ITEM 18: FINANCIAL INFORMATION**

SimpliFi does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to provide, and has not provided, a balance sheet. SimpliFi does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.