



# ZEPHYR WEALTH MANAGEMENT

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## **Part 2A of Form ADV: Disclosure Brochures**

### **March 14, 2024**

This brochure provides information about the qualifications and business practices of Zephyr Investment Management doing business as Zephyr Wealth Management. If you have any questions about the contents of this brochure, please contact us at (805) 496-6810. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Zephyr Wealth Management is a registered investment adviser. Use of the term “registered” does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain that adviser. Additional information about Zephyr Wealth Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) using Zephyr’s searchable CRD No. 166303.

## ***Item 2 – Material Changes***

Zephyr Wealth Management provides its brochure to you initially when we enter into an advisory agreement with you. Annually, we will provide you with a summary of materials changes made to the brochure since its last annual update. This summary will include information on how you may obtain a complete, updated brochure. We will disclose material changes on a more frequent basis as necessary.

*There are no material changes to report at this time.*

Our current brochure may be requested by contacting Cheryl Munoz, President, by phone at (805) 496-6810, or by e-mail at [cmunoz@zephyrim.com](mailto:cmunoz@zephyrim.com). We will provide you with a new brochure at any time without charge. Additional information about us and about persons affiliated with us who are registered as our investment adviser representatives (“your advisory representative”) is also available via the SEC’s website, at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Information regarding your advisory representative can also be found in the supplements to this brochure.

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## ***Item 4 – Advisory Business***

Zephyr Wealth Management (“Zephyr, we, us, our, ours”), which is located in Westlake Village, California, is a corporation organized under the laws of the State of California. The firm was founded in 1997. Cheryl Munoz, who has been associated with Zephyr since 1997, purchased the firm in 2013 and is the firm’s President and Chief Compliance Officer. Zephyr is registered with the U.S. Securities & Exchange Commission as an investment adviser.

### **Types of Advisory Services Offered**

#### **Investment Management Services**

When offering Investment Management Services, we are primarily focused on the management of client investment portfolios. The transactions we execute for client accounts are effected on both a discretionary basis (meaning that we are authorized to effect transactions for the accounts of our clients without obtaining their prior approval for each individual transaction) and a non-discretionary basis (meaning that we must obtain the specific prior approval of the client before we can effect a transaction for the client’s account).

In managing your investment portfolio, we consider your financial situation, risk tolerance, investment horizon, liquidity needs, tax considerations, investment objectives, and any other issues important to your state of affairs. Based upon the information you provide, we identify what we believe to be appropriate investment options for you. You should notify us promptly if there are any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions upon the management of your account. Your advisory representative will arrange to contact you annually to review the performance of your investment account and to recommend any changes that appear appropriate based on economic or market conditions, or changes to your financial situation, investment objectives, or risk tolerances. You may call in at any time during normal business hours to discuss your account, your financial situation, or your investment needs directly with your advisory representative.

We will review our investment recommendations with you and obtain direction from you as to whether to manage your account on a discretionary or a non-discretionary basis. The scope of the discretionary authority that you may grant to us is limited to selecting specific investments for your account and deciding how to allocate your assets among those investments. We may decide if, when and how much to buy, hold, or sell the investments in your accounts without first consulting with you. Once you have granted discretionary authority to us, it is effective until you change it or revoke it in writing.

We provide you with the opportunity to impose reasonable restrictions on our management of your account. These restrictions pertain to (among other things) the types of securities to be purchased for your account and the amounts to be invested.

#### **Business Cycle Asset Management**

We provide Investment Management Services under an investment strategy called Business Cycle Asset Management (“BCAM”) which implements a strategy that follows the economy as it flows through a series of naturally occurring stages in the business cycle. Our BCAM strategy is built to take advantage of all stages of the business cycle. Studies show that various investments provide significantly different results dependent upon where we are in the economic and market cycles. Understanding these cycles provides the foundation from which we make investment decisions.

BCAM strives to assess and anticipate business cycles common in our economy by analyzing economic and market indicators. We then allocate investments to the sectors or asset classes that we believe make the most sense for the stage of the economic cycle we are entering. We then adjust your account holdings to take advantage of anticipated changes in that cycle. Please note that past performance is not a guarantee of future returns.

We analyze market trends utilizing fundamental and technical (charting) analysis, as well as our own proprietary indicators. BCAM seeks to enhance asset appreciation and reduce risk by increasing or decreasing the amount of assets placed in multiple investment categories. Our goal is to focus your

account in those sectors/asset classes that we believe show the potential for appreciation and avoid those that we believe show the potential for lower value.

Although we use models as the foundation for investment decisions, your specific account will be managed based on your individual financial circumstances, investment objectives, and risk tolerances. We may periodically adjust your account(a process referred to as “rebalancing”) to help ensure that your investment account remains consistent with your objectives, goals, and risk tolerances.

### Financial Planning

We consider financial planning an important aspect of the asset management process. We will provide various levels of financial planning as part of our advisory services. Financial planning includes, but

is not limited to retirement planning, goal planning, tax review, estate plan review, and insurance review. Should you choose to implement the recommendations contained in your financial plan, we encourage you to work closely with your attorney, accountant, insurance agent, and other advisers. Your advisory representative will assist you to the extent you choose. Although you may choose to implement the recommendations made in your financial plan through your advisory representative, you are free to employ the services of any adviser or registered representative of your choice, regardless of whether or not that person is associated with Zephyr.

### Consulting Services

We will also provide consulting services to you if you desire a review of a specified area, but do not wish to engage us for investment management services. These services are not considered financial planning services because we will not perform a comprehensive analysis of your financial position.

### Retirement Plan Consulting Services

We offer retirement plan consulting services to defined contribution retirement plans (the “Plan(s)”) and to the Plan’s named fiduciary (the “Plan Sponsor”). These services are offered on a non-discretionary investment basis.

Investment Adviser 3(21) Fiduciary Services: We shall serve as an “Investment Adviser” and a

“fiduciary” within the meaning of Section 3(21) of Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, with respect to accounts in the Plan. (Although 3(21) fiduciaries provide advice, they do not take control of plan assets, so the Plan Sponsor retains the final say regarding implementation of the recommended investment options.)

If we are engaged as an Investment Adviser, we will provide recommendations concerning the selection of the investment options for the Plan, as well as the replacement, addition or removal of such options on an ongoing basis. In general, the services may include an existing plan review and analysis, investment performance monitoring, and/or ongoing consulting. In providing these services, we will have the ongoing responsibility to select or make recommendations based upon the needs of the Plan. While the ultimate decision to act on behalf of the Plan shall remain with the Plan Sponsor, we will generally aid with the implementation of our recommendations after approval by said Plan Sponsor.

### Assets Under Management

As of December 31, 2023, Zephyr managed \$111,956,786 in client assets on a discretionary basis where we made all investment decisions. We managed \$229,524,238 in client assets on a non-discretionary basis, where our clients made the investment decisions based upon our recommendations. Total advisory assets under management were \$341,481,024.

## ***Item 5 –Fees and Compensation***

### Fees for Investment Management Services

Required by §260.235.2 Code of California Regulation:

*“A conflict exists between the interests of the investment adviser or associated persons and the interest of the client; the client is under no obligation to act upon the investment adviser's or associated person's recommendation; if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser, the associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person. Lower fees for comparable services may be available*

from other sources. Our fee is calculated based upon the market value of the assets in your account on the last day of the previous quarter. We do not receive any other fees for our advisory accounts. One-fourth of our annual fee is charged each calendar quarter in advance.

Broker-dealers and other financial institutions that hold client accounts are referred to as custodians. Your custodian determines the values of the assets in your portfolio. Fees for the initial quarter are based upon the value of your account on the date the custodian receives them. Those fees are pro-rated based upon the number of calendar days in the calendar quarter that our agreement is in effect.

The fee schedule for Investment Management Services is described below:

<b><u>Assets under Management</u></b> <b><u>Advisory Fee</u></b>	
First \$250,000	1.50%
Next \$250,000	1.25%
Next \$500,000	1.00%
Over \$1,000,000	Negotiable

First \$250,000	1.50%
Next \$250,000	1.25%
Next \$500,000	1.00%
Over \$1,000,000	Negotiable

All fees are negotiable at our sole discretion.

You may elect to either have our advisory fees directly withdrawn and paid to us from your account or to have us bill you for our services. If you elect to have us withdraw our advisory fees directly from your account, we will do so in advance of providing advisory services to you. Our advisory fee will be calculated for each quarter based on the value of your account as of the last day of the preceding quarter. Our initial fee is payable when your account is established and is pro-rated over the number of days in that quarter that we will provide advisory services to you.

If you authorize us to have your custodian pay us directly by charging your account, this authorization must be provided in writing. Both we and your custodian will provide you with statements that show the amount of the advisory fees paid directly to us. You should compare the statement we send you to the statement your custodian sends to you and verify the calculation of our fees. Your custodian does not verify the accuracy of fee calculations, but we test for accuracy of fees charged. If you choose to be billed for

our services, we will bill you in advance, meaning that we will bill you before we have provided our services to you. Our fee will be based upon the value of your account as of the last business day of the preceding quarter. Our initial fee will be pro-rated based upon the number of days in the quarter that we provided advisory services to you. All fees are due within 20 days of the invoice date. If your payment is not received within 45 days, the custodian will withdraw the fees directly from your account as indicated in your advisory agreement.

We will send a statement to you that includes the value of your investments, the amount of the advisory fee we charged, and how our fee was calculated. You should review our calculations to ensure that they appear accurate.

In addition to our advisory fees, you may be required to pay other charges, such as custodial fees; brokerage commissions; transaction fees; maintenance and termination fees for IRAs and certain retirement and qualified accounts; internal fees and expenses charged by mutual funds or ETFs; and other fees and taxes on brokerage accounts and securities transactions. Mutual fund companies and ETFs charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectuses for each investment. You are strongly encouraged to read these documents before making or authorizing any investments. We are available to answer any questions you have about fees and expenses.

If you purchase mutual funds through your custodian, you may pay a transaction fee that would not be charged if the transactions were made directly through the mutual fund company. Mutual funds held in accounts at brokerage firms may pay internal fees that are different from mutual funds held at the mutual fund company. You may purchase shares of mutual funds directly from the mutual fund company without a transaction fee.

Please be sure to read the section entitled “Brokerage Practices,” which follows later in this brochure.

### Fees for Financial Planning

If your account is valued at or between \$200,000 and \$500,000, we provide one hour of financial planning at no additional cost. If your account is valued between

\$500,000 and \$1,000,000, we provide five hours of financial planning at no additional cost. Any additional time spent on financial planning will be charged at the rate of \$400 per hour. We provide comprehensive financial planning at no additional cost to you if your account is valued at greater than \$1,000,000.

#### Fees for Consulting Services

We provide consulting services for review of a specified financial planning subject at a rate of \$400 per hour. These fees are billed monthly, based on actual time spent consulting.

#### Fees for Retirement Plan Consulting Services

For participant-directed retirement plans, we bill fees for advisory services as either a percentage of assets under advisement or as a fixed fee. The percentage of assets under management fee is used exclusively for services to 401(k), 403(b), 457(b), and Money Purchase retirement plans. It is generally 0.25% to 0.75% per annum and is payable quarterly. Fees are paid in advance, or arrears, depending upon the record keeper. Minimum fees may also apply. For fees paid in advance, we will refund any unearned fees upon a 30-day written notice of the termination of services.

Retirement Plan Consulting Services provided for a fixed annual fee will be invoiced and payable on a quarterly basis. Fixed fees are based on the complexity of the services to be performed and range from \$1,500 to \$15,000 per annum. Fees are paid in advance, or arrears, depending on the record keeper. Minimum fees may also apply. For fees paid in advance, we will refund any unearned fees upon a 30-day written notice of the termination of services. All fees may be negotiable in certain circumstances. All fee arrangements are detailed in the client's Retirement Plan Consulting Services agreement.

#### General Information About Our Fees

Either you or Zephyr may terminate our advisory agreement within five (5) business days' written notice.

Should either one of us terminate the advisory agreement we have entered into before the end of a billing period, any unearned fees that we have deducted from your account in advance will be returned to you. The amount refunded to you is calculated by dividing the most recent advisory fee

you paid by the total number of days in the quarter. This daily fee is then multiplied by the number of calendar days in the quarter that our agreement was in effect. This amount, which equals the amount we earned for the partial quarter, is subtracted from the total fee you paid in advance, less any quarterly or transaction fees, to determine your refund.

Our advisory representatives are also registered representatives of Osaic Wealth Inc. ("Osaic Wealth"). Osaic Wealth is a registered broker/dealer that is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"), and an SEC-registered investment adviser. Certain advisory representatives may also be registered as an investment adviser representative of Osaic Wealth.

If you choose to implement your financial plan through Osaic Wealth, commissions may be earned by your advisory representative for the securities purchased in your brokerage account. They may also receive compensation from the sale of mutual fund products sold to you (such as so-called "12b 1 fees", which are fees paid to cover promotion, distributions, marketing expenses). Mutual funds include these fees in the calculation of their operating expenses. Please know that client accounts can be held on either the advisory side or on the brokerage side or a combination of both. Your advisory representative will not receive commissions on your accounts held on the advisory side with Zephyr.

Advisory representatives may be licensed with various insurance companies to sell insurance products. Commissions may be earned if you purchase insurance products through our advisory representatives in that capacity. Additionally, we may refer you to unaffiliated insurance professionals for certain insurance products. If you purchase insurance products as a result of our referral, our advisory representatives may share in the commissions.

Our advisory representatives may also recommend various asset management firms through their affiliation with Osaic Wealth. If you establish an investment advisory relationship with one of those firms, we and your financial adviser will share in the advisory fees you pay. The above arrangements present a conflict of interest because they create an incentive for us to make recommendations based upon the amount of compensation we receive, rather than based upon your needs. To address these

conflicts of interest, we will explain the specific costs associated with any recommended investments with you upon request. Additionally, we may recommend that you purchase certain no-load and load-waived mutual funds to further address these conflicts of interest. You always have the option to purchase investment and insurance products through other brokers or agents who are not affiliated with us.

Please refer to your advisory representative's Supplement to this Brochure for information about their other business activities.

### ***Item 6 – Performance-Based Fees***

Performance-based fees are designed to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The fee is generally based on a percentage of capital gains on or appreciation of the client account assets. We do not charge performance-based fees on any of our client accounts.

### ***Item 7 – Types of Clients***

We provide advisory services primarily to individuals, high net worth individuals and families, including their trusts, estates and retirement accounts. We also provide services to corporations or business entities, including their pension and profit-sharing plans. As a condition for starting and maintaining an advisory relationship, our minimum initial investment requirement is \$200,000.

We, at our sole discretion, may permit you to establish accounts with initial investment amounts less than this minimum. We make this determination based upon various factors such as your anticipated future earning capacity, anticipated future additional investment assets, your account composition, related accounts, and pre-existing relationships with you. We may consider the accounts of your family members to determine if your account meets the minimum investment requirement.

### ***Item 8 –Methods of Analysis, Investment Strategies and Risk of Loss***

We provide Investment Management Services under an investment strategy called Business Cycle Asset Management (“BCAM”) which implements a strategy that follows the economy as it flows through a series of naturally occurring stages in the business cycle. Our BCAM strategy is built to take advantage of all stages of the business cycle. Studies show that various investments provide significantly different results dependent upon where we are in the economic and market cycles. Understanding these cycles provides the foundation from which we make investment decisions.

BCAM strives to assess and anticipate business cycles common in our economy by analyzing economic and market indicators. We then allocate investments to the sectors or asset classes that we believe make the most sense for the stage of the economic cycle we are entering. We then adjust your account holdings to take advantage of anticipated changes in that cycle. Please note that past performance is not a guarantee of future returns.

We analyze market trends utilizing fundamental and technical (charting) analysis, as well as our own proprietary indicators. BCAM seeks to enhance asset appreciation and reduce risk by increasing or decreasing the amount of assets placed in multiple investment categories. Our goal is to focus your account in those sectors/asset classes that we believe show the potential for appreciation and avoid those that we believe show the potential for lower value.

Although we use models as the foundation for investment decisions, your specific account will be managed based on your individual financial circumstances, investment objectives, and risk tolerances. We may periodically adjust your account (a process referred to as “rebalancing”) to help ensure that your investment account remains consistent with your objectives, goals, and risk tolerances.

We select specific investments for your account using fundamental analysis, cyclical analysis and technical



(charting) analysis.

Fundamental analysis is a method of evaluating several characteristics of the investments we recommend (e.g., mutual funds, ETFs or variable annuity sub-accounts), including, among others, investment objectives (e.g., growth, income, capital preservation); investment type (e.g., large cap value stocks, small cap growth stocks, bonds); past performance; management tenure; fees and other expenses; and holdings.

Cyclical analysis is a form of fundamental analysis that evaluates the various stages of the economic cycle. Decisions regarding whether to purchase or sell particular investments are made based on how those investments perform during economic downturns and upswings. We closely monitor the level, direction and rate of change of a wide variety of economic variables so that we can determine where we are in a given cycle.

Technical analysis is a method of evaluating activity, such as the price movement and trading volume of various market indices. As technical analysts we do not attempt to measure an investment's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future performance.

Charting involves identifying patterns in the prices of investments and market indices that can suggest future activity in price movements. A chart pattern is a distinct formation that provides an indicator of future price movements. Chartists use these patterns to identify current trends and trend reversals that can trigger buy and sell signals.

Although we manage your portfolio in a manner consistent with your specific risk tolerances, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or a particular company, and any number of other factors can affect investment performance.

You should be prepared to bear the risk of loss. All investments bear the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings.

Our investment strategies may include long-term and short-term purchases and sales, and trading. As previously noted, you may place reasonable restrictions on the strategies to be employed and the types of investments to be held in your account.

### ***Item 9 – Disciplinary Information***

Zephyr has not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

### ***Item 10 – Other Financial Industry Activities and Affiliations***

As explained under “Fees and Compensation” above, Ms. Munoz, President, and our advisory representatives are registered representatives of Osaic Wealth. Certain advisory representatives may also be registered investment adviser representatives of Osaic Wealth or licensed insurance agents. Please refer to your advisory representative's Supplement at the end of this brochure for more information.

These arrangements present a conflict of interest because they create an incentive to make recommendations based upon the amount of compensation we can receive, rather than based upon your needs.

To address this conflict, we will explain the specific costs associated with any recommended investments with you upon request. We also recommend no-load and load-waived mutual funds to further reduce conflicts of interest. You have the option to purchase investment and insurance products through other brokers or agents who are not affiliated with us.

Our advisory representatives may also recommend various asset management firms through their affiliation with Osaic Wealth. We will only recommend an asset manager that (1) has entered into an agreement with Osaic Wealth and (2) is appropriately registered or notice filed in your state. If you establish an investment advisory relationship with one of those firms, we and our financial advisors will share in the advisory fees you pay to these asset management firms.

Neither Ms. Munoz nor any advisory representative is registered as or has applied for registration as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### ***Item 11 – Code of Ethics; Participation or Interest in Client Transactions and Personal Trading***

We have adopted a Code of Ethics (“Code”) to address the securities-related conduct of our advisory representatives and employees. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser’s responsibility to provide fair and full disclosure of all material facts, and to act solely in the best interest of each of their clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is the core underlying principal for our Code. We will provide a copy of the Code to you or to any prospective client upon request.

The Code includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
- all personal securities transactions of our advisory representatives and employees be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an advisory representative’s or employee’s position of trust and responsibility;
- advisory representatives may not take inappropriate advantage of their positions;
- information concerning the identity of your security holdings and financial circumstances are confidential; and
- independence in the investment decision-making process is paramount.

Your advisory representative is permitted to buy or sell the same securities for his/her personal and family accounts that are bought or sold for your account. This may raise potential conflicts of interest when your adviser purchases or sells a security that is owned by you or is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in your best interests,
- prohibit favoring one client over another; and,
- provide for the review of transactions to discover and correct any same-day trades that result in an advisory representative or employee receiving a better price than a client.

Advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for your account.

### ***Item 12 – Brokerage Practices***

We recommend that the custodian for your account be Charles Schwab & Co., Inc. (“Charles Schwab”). Our discretionary accounts use Charles Schwab as custodian. We are independently owned and operated and not affiliated with Charles Schwab. We have not entered into any soft dollar agreements with Charles Schwab. We are not required to affect a minimum volume of transactions or maintain a minimum dollar of client assets to receive services from the custodian.

In addition to brokerage and custody services, services customarily made available to advisers include access to investments generally available to institutional investors; research; software; and educational opportunities.

Our recommendation of a specific custodian may be based in part on our existing relationships, its financial strength, reputation, and the cost or quality of custody and brokerage services provided to you and our other clients. However, because the products or services we receive may vary depending on the custodian we recommend be used by our clients, we may have a conflict of interest in making that recommendation. Our recommendation of a specific custodian may be based in part on the products and services we receive and not solely on the cost or quality of custody and brokerage services provided to you and our other clients. We nonetheless strive to act in your best interests at all times.

Commissions and other fees for transactions executed through Charles Schwab may be higher than commissions and other fees available if you use another custodian to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by Charles Schwab outweighs the benefit of possibly lower transaction costs which may be available under other brokerage arrangements.

#### Directed Brokerage

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution of transactions effected through that broker-dealer. In addition, under these circumstances a difference may exist between the commissions charged to you and other clients who do not direct us to use a particular broker-dealer.

#### Blocked or Bunched Transactions

We may execute certain transactions for your account through the use of “bunched trades” (the purchase or sale of a security for the accounts of multiple clients in a single transaction). If a bunched trade is executed, you and each other participating client will receive a price that represents the average of the prices at which all of the transactions in a given bunch were executed. Executing a bunched trade allows transaction costs to be shared equally and on a pro rata basis among all of the participating clients. If the order is not completely filled, the securities purchased or sold are distributed among you and other participating clients on a pro rata basis or in some other equitable manner.

Bunched trades are placed only when we reasonably believe that the combination of the transactions provides better prices for you and other clients than had individual transactions been placed for your accounts. If your account is managed on a non-discretionary basis, transactions for your account will not be bunched with transactions for client accounts managed on a discretionary basis.

Transactions for the account of your adviser (as well as the accounts of our other investment advisory

representatives and employees) may be included in bunched trades. They will receive the same average price and pay the same commissions and other transaction costs, as you will. Transactions for the accounts of your adviser (as well as our other investment advisory representatives and employees) will not be favored over transactions for your account.

We are not obligated to include your account or the accounts of any other client account in a bunched trade. Bunched trades will not be effected for any client’s account if doing so is prohibited or otherwise inconsistent with that client’s investment advisory agreement. No client will be favored over any other client

### ***Item 13 – Review of Accounts***

We review your account on an on-going basis with a formal review conducted on at least an annual basis (or as agreed upon with you). Our reviews focus on the consistency of portfolio investments with your stated objectives and risk tolerances.

Our reviews also consider investment restrictions you have requested, your investment time horizons, your liquidity needs, your tax considerations and other circumstances unique to you. We may review your account more frequently if we believe that market conditions or your personal circumstances warrant it.

On a quarterly basis, we review the performance of your account to monitor consistency with market benchmarks that we deem applicable. Account reviews may also be triggered by other factors such as changes in general economic and market conditions, analyst reports, issuer news and interest rate movement. Cheryl Munoz, President/Portfolio Manager along with Vanessa Moore and Guillermo Gutierrez, both IARs of the firm, are responsible for all reviews.

You will receive statements from Charles Schwab at least quarterly. These statements identify your current investment holdings, the cost of each of those investments, and their current market values. You will also receive performance analysis reports prepared by us which describe the returns realized on the investments in your account.

We do not provide you with on-going reviews or reports relating to the financial planning services we provide unless you request that we do so. We recommend that you review

your financial goals and investment objectives on at least an annual basis.

### ***Item 14 – Client Referrals and Other Compensation***

We do not directly or indirectly compensate any person who is not one of our advisory representatives or employees for client referrals. As described above, our advisory representatives, as registered representatives of Osaic Wealth, can receive compensation from the sale of securities products and services. They will share in fees if you enter into an advisory agreement with an asset manager which they recommend through Osaic Wealth. Our advisory representatives may share in compensation earned by unaffiliated insurance professionals when we refer our clients for certain insurance products.

### ***Item 15 – Custody***

Your assets are maintained with a qualified custodian. We do not have physical custody of your assets but may be deemed to have custody when you authorize us to deduct our fees from your account. You will receive statements from the custodian on at least a quarterly basis. We urge you to carefully review these statements and compare them to the account statements that we provide to you. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. We also encourage you to contact your advisory representative or our Chief Compliance Officer should you have any questions or concerns regarding your account.

### ***Item 16 – Investment Discretion***

As previously noted, we offer our advisory services in the BCAM program on a discretionary basis, meaning that we do not need advance approval from you to determine the type and the amount of securities to be bought and sold for your accounts. We may only exercise discretion if you have provided that authority to us in writing. This authorization is typically included

in the investment advisory agreement, you enter into with us.

We do not, however, have the ability to choose the broker-dealer through which transactions will be executed. Additionally, we do not have the ability to withdraw funds from your account (other than to withdraw our advisory fees which may only be done with your prior written authorization). Discretion is used in your account in a manner consistent with your stated investment objectives.

### ***Item 17 – Voting Client Securities***

We do not take any action or give any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which your account may be invested. In addition, we do not take any action or give any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. We will, however, forward to you any information received by us regarding proxies and class action legal matters involving any securities held in your account. You will receive proxy information directly from your account custodian.

### ***Item 18 – Financial Information***

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We may, with your written authorization, have discretionary authority over your account. This discretion is limited to determining the types and amounts of securities to be bought or sold in your account, pursuant to your stated investment objectives. We do not have physical custody of client funds or securities. All client assets are maintained with a qualified custodian. We do not require prepayment of more than \$1,200 in fees per client six months or more in advance. We have not been the subject of a bankruptcy proceeding.