

**Item 1 Cover Page**

Registered as Cross Financial Advisors, LLC | CRD No. 287686

Doing Business As: Cross Financial Advisors, Cross Inland Wealth Management, Rock Creek Wealth Management, Clark Wealth Management, Retzlaff Wealth Management, Lyda Financial, Hope Wealth Planning and Grace Investors.



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**March 12, 2024**

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

This brochure provides information about the qualifications and business practices of Cross Financial Advisors. If you have any questions about the contents of this brochure, please contact us at (503) 430-0563 or [mathew.whiteaker@lpl.com](mailto:mathew.whiteaker@lpl.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 Cross Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

There are no material changes in this brochure from the last annual updating amendment of Cross Financial Advisors on 03/29/2023. Material changes relate to Cross Financial Advisors' policies, practices or conflicts of interest.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Disclosure Brochure may be requested by contacting us at (503) 430-0563.

Additional information about Cross Financial Advisors is available via the SEC's Web Site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web Site also provides information about any persons affiliated with Cross Financial Advisors who are registered, or are required to be registered, as investment adviser representatives of Cross Financial Advisors.

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## **Item 4 – Advisory Business**

### **The Firm**

The firm became an independent SEC registered investment adviser in 2017 in order to directly offer asset management and financial planning services. LPL Financial serves as the qualified custodian. Investment Adviser Representatives of the firm are also registered representatives of LPL Financial, a FINRA/SIPC member broker/dealer, to offer brokerage services under the Doing Business Name of Cross Financial Management and Cross Inland Wealth Management, Rock Creek Wealth Management, Clark Wealth Management, Retzlaff Wealth Management, Lyda Financial, Hope Wealth Planning and Grace Investors founded in 2003. Cross Financial Management and Cross Financial Advisors are separate, independent entities that are legally unaffiliated with LPL Financial.

### **Principal Owners**

#### **Mathew Whiteaker**

Mathew is an owner and founding partner of Cross Financial. He has been a financial consultant helping individuals, families, and businesses pursue their financial planning goals since 1999. Attention to detail, integrity, good listening skills and great empathy create the foundation of his business relationships. He is effectively supported by a team of administrative and investment product specialists whose teamwork and professionalism help him build long-term relationships with his growing client base and provide excellent customer service.

He focuses on providing advice on Investment Planning; Insurance Planning; Tax Planning; Retirement Planning; Estate Planning; Intergenerational Wealth Transfer Planning; and Educational Savings Planning. Working with a network of highly skilled professionals, he is dedicated to providing high-quality advice and integrated wealth management strategies that work towards simplifying and enhancing the quality of his clients' lives.

He is proud to represent Dave Ramsey as a SmartVestor Pro in the Portland area. Philosophically it was a great fit; Mathew and his family have always lived in agreement to Dave's philosophies of reducing debt and diligently saving. He also enjoys teaching and coaching clients to help them pursue their goals.

Mathew is happily married to his lovely wife Shari, a pediatric nurse at Randall Children's Hospital. He keeps busy with his three children, Kaitlyn, Emily, and Michael. Away from business, he enjoys racquetball, hiking, reading and spending time with family and friends.

#### **Jay Torgerson, CFP®**

An Oregon native, Jay is married with three kids and lives in the Beaverton area. Jay graduated from Pacific Lutheran University and joined Edward Jones as a financial advisor out of college. After working several years building a successful practice Jay founded Cross Financial Management with his partner Mathew Whiteaker in 2003. Jay achieved his CFP® certification in 2005 and holds his Series 7, 24, 53, 63, and 66 registrations with LPL Financial. His practice focuses on providing high quality service for his wide variety of clients throughout the US.

Giving back to the community is something very important to Cross Financial. We sponsor many different charitable events from the Glendi Fair to the Children's Cancer Foundation. Jay is an active community service member serving as the Vice Chairman for Quiet Waters Outreach. Quiet Waters Outreach (QWO) is a non-profit organization dedicated to serving individuals with a wide variety of developmental disabilities such as Down Syndrome, Cerebral Palsy, and Autism and provides respite care for DD from different ethnic backgrounds, religions, financial statuses, ages, and living situations.

## **Asset Management**

Investment advisor representatives of Cross Financial Advisors primarily provide non-discretionary fee based asset management services to individual clients and high-net worth individuals as well as small businesses. More specifically, they provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities. Discretionary fee based asset management services are also available. The advice is tailored to the individual needs of each client based on their investment objective in order to help assist them to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile.

- **Wrap Fee Program**

Cross Financial Advisors acts as portfolio manager of a wrap fee program, which is an investment program where the client pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. However, this brochure describes Cross Financial Advisors' non-wrap fee advisory services; clients utilizing Cross Financial Advisors' wrap fee portfolio management should see the separate Wrap Fee Program Brochure. Cross Financial Advisors manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. Cross Financial Advisors receives the advisory fee set forth in Item 5 below as a management fee under the wrap fee program. Please also see Item 5 and Item 12 of this brochure.

- **Strategic Wealth Management (SWM I and SWM II)**

Strategic Wealth Management is the name of the custodial account offered through LPL to support investment advisory services provided by Cross Financial Advisors. Investment Advisors Representatives can offer SWM I or SWM II. The accounts offer the same investment choices and are managed in the same manner but the fee structure is different.

- For SWM I, clients are charged transaction fees in addition to the advisory fee whereas for SWM II, the transactions fees are absorbed as part of the advisory fee.
- The advisory fee for SWM II accounts may be higher than SWM I to account for the transaction fees.

Depending on the anticipated level of trading and account size, investment advisor representatives of Cross Financial Advisors will work with each client to determine the most cost effective fee structure. More specific account information and acknowledgements are further detailed in the account opening documents.

There is generally no minimum account value required to open a SWM I or II account.

- **Optimum Market Portfolios Program (OMP)**

The Optimum Market Portfolios (OMP) program offers clients the ability to participate in a professionally managed asset allocation program designed by LPL. There are up to six Optimum Funds that may be purchased within an OMP account.

- Optimum Large Cap Growth Fund
- Optimum Large Cap Value Fund
- Optimum Small Cap Growth Fund
- Optimum Small Cap Value Fund
- Optimum International Fund
- Optimum Fixed Income Fund

Cross Financial Advisors will obtain the necessary financial data from each client and then select the proper fund portfolio program. While Cross Financial Advisors selects the proper portfolio program, LPL will manage the underlying Optimum Funds on a discretionary basis consistent with the portfolio program objectives. LPL does not directly manage fund assets on behalf of any particular client. OMP enables advisors of Cross Financial Advisors to manage client assets through diversified asset allocation models, professional money management and automatic rebalancing.

A minimum account value of \$15,000 is required for OMP.

- **Personal Wealth Portfolios Program (PWP)**

Personal Wealth Portfolios offers clients an asset management account using third party adviser portfolio allocation models designed by LPL Financial. The PWP program is a unified managed account program in which LPL and Advisor provide ongoing investment advice and management. In PWP, clients invest in asset allocation portfolios ("Portfolios") designed by LPL's Research Department, which include a combination of mutual funds, exchange-traded funds ("ETFs") and investment models ("Models") provided to LPL by third party money managers ("PWP Advisors"). The Models typically consist of equity and fixed income securities, but may include investment company securities. LPL's Research Department selects the mutual funds, ETFs and Models to be made available in a Portfolio.

The Advisor obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. The Advisor, or client with the assistance of the Advisor, selects a Portfolio based on client's investment objective and then selects among the mutual funds, ETFs and/or Models available in the Portfolio.

Neither LPL nor a third-party money manager directly provides advisory services to the clients of Cross Financial Advisors. The third-party money managers selected by LPL for a particular program manage the portfolio without regard for any particular client of Cross Financial Advisors. Cross Financial Advisors is solely responsible for the advisory services provided and selecting the proper

portfolio of third party money managers. Cross Financial Advisors is not acting as a cash solicitor for LPL or other third party.

A minimum account value of \$250,000 is required for PWP.

- **Model Wealth Portfolios (MWP)**

Model Wealth Portfolios Program offers clients a professionally managed mutual fund asset allocation program. Cross Financial Advisors will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds including in certain circumstances exchange traded funds and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts. In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL Financial LLC or outside strategists.

A minimum account value of \$100,000 is required for MWP.

### **Guided Wealth Portfolios (GWP)**

GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal ("Investor Portal"). Investment recommendations to buy and sell exchange-traded funds and open-end mutual funds are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of FutureAdvisor, Inc. ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio"). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although Cross Financial Advisors, LLC will be available to discuss investment strategies, objectives or the account in general in person or via telephone.

A preview of the Program (the "Educational Tool") is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and Cross Financial Advisors, LLC by enrolling in the advisory service (the "Managed Service"). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or Cross Financial Advisors, LLC, do not enter into an advisory agreement with LPL, FutureAdvisor or Cross Financial Advisors, LLC, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

A minimum account value of \$5,000 is required to enroll in the Managed Service.

- **Manager Access Select Program (MAS)**

Manager Access Select provides clients access to professional portfolio management. Advisor will assist client in identifying a third-party portfolio manager (Portfolio Manager) from a list of portfolio managers made available by LPL. The portfolio manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the portfolio manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

- **Manager Access Network Program (MAN)**

Manager Access Network enables high-net-worth investors to access a variety of institutional portfolio managers with significantly lower account minimums. By using separate account managers, clients can enjoy a higher level of specialization and service through the ownership of individual securities. A broad range of portfolio managers and multiple investment styles are available, including equity, fixed income, asset classes, mutual funds, ETFs, and specialty strategies. Clients contract directly with the portfolio managers for discretionary asset management services. LPL Financial provides brokerage, custodial, and administrative services to clients. Due diligence and portfolio monitoring is not provided by LPL Research.

Minimum account balances vary by portfolio manager, but typically start at \$100,000 for equity strategies and \$250,000 for fixed income strategies.



## Financial Planning Services

Cross Financial Advisors through its investment advisor representatives generally provides financial planning as part of a comprehensive asset management engagement. However, financial planning is available separately for a separate fee. The type of plan can vary greatly depending on the scope and complexity of a particular individual's financial situation but may include:

### Planning Strategies for Families and Individuals

- **Retirement** – planning an investment strategy with the objective of providing inflation-adjusted income for life.
- **College / Education** – planning to pay the future college / education expenses of a child or grandchild.
- **Insurance Needs** – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care and spousal arrangements as well as education.
- **Estate Planning** – planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.
- **Cash Flow/ Budget Planning** – planning to manage expenses against current and projected income.
- **Wealth Accumulation** – planning to build wealth within a portfolio that takes into consideration risk tolerance and time horizon.
- **Tax Planning** – planning a tax efficient investment portfolio to maximize deductions and off-setting losses.
- **Investment Planning** – planning an investment strategy consistent with a particular objectives, time horizons and risk tolerances.
- **Inheritance Planning** – planning for a tax efficient method to pass wealth to the next generation.

### Planning Strategies for Businesses

- **Business Entity Planning** – review the various forms of business structures in relation to liability and income tax considerations.
- **Qualified Retirement Plans** – evaluate the types of retirement plans established by an employer for the benefit of the company's employees.
- **Stock Option Planning** – planning to maximize the value of employer issued stock options and optimize what to exercise and what to hold.
- **Key Person Planning** – evaluate the life insurance needs required in the event of the sudden loss of a key executive in order to buy time to find a new person or to implement other strategies to continue the business.

- **Executive Benefits** – planning to attract, reward and retain top executive talent.
- **Deferred Compensation Plans** – planning for the use of tax deferred funds to be withdrawn and taxed at some point in the future.
- **Business Succession Planning** – planning for the continuation of a business after key executives move on to new opportunities, retire or pass away with the use of buy-sell agreements, key-man insurance and engaging independent legal counsel as needed.

## **Hourly Consulting Services**

Cross Financial Advisors offers consulting services on an hourly basis. Hourly consulting and financial planning offer similar services but differ in depth and scope. Financial planning is generally more comprehensive and takes into account a client's entire financial situation whereas hourly consulting tends to be more focused on a particular financial objective or need. The hourly consulting engagement terminates upon final consultation with the client.

## **Conflicts of Interest**

Investment adviser representatives must fully disclose all material facts concerning any conflict, and should avoid even the appearance of a conflict of interest and abide by honest and ethical business practices.

- The recommendation that a client purchase a commission product from an investment advisor representative in their separate capacity as a registered representative of LPL or as an agent of an insurance company presents a conflict of interest, as the receipt of commissions provides an incentive that may not be in a client's best interests.
- Investment advisor representatives must not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account.
- Investment advisor representatives must make recommendations with reasonable grounds to believe that they are appropriate based on the information furnished by the client.
- Investment advisor representatives may not borrow money or securities from, or lend money or securities to a client.
- Investment advisor representatives must not place an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in the specific state.
- Product sponsors may pay for, or reimburse Cross Financial Advisors for the costs associated with, education or training events.
- The code of ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts.

Such conflicts and risk of misconduct are mitigated by an investment adviser representative's fiduciary duty to act in the best interests of its clients. The firm's Chief Compliance Officer, Mathew Whiteaker, is available to address any questions regarding conflicts of interest.

## **Other Considerations**

Neither the firm nor any investment advisor representative are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

As of December 2023, the firm has \$346,251,122.00 of discretionary assets under management.

## **Item 5 – Fees and Compensation**

Investment advisor representatives may only provide services and charge fees based on the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Investment advisor representative will consider the individual needs of each client when recommending an advisory platform. Furthermore, investment strategies and recommendations are tailored to the individual needs of each client.

Fees are billed in advance based on assets under management as of the last business day of the previous quarter.  $[\text{Quarter End Value} \times \text{Advisory Fee}] / 360 \times 90 \text{ Days} = \text{Advance Billing}$ . Cross Financial Advisors does not directly deduct fees. Fees are deducted by LPL Financial as the qualified custodian. Clients of Cross Financial Advisors enter in to a separate agreement with LPL Financial to serve as the qualified custodian that includes the fee to be charged. LPL Financial sends clients of Cross Financial Advisors quarterly performance report that details the amount of the fee charged, the amount of assets subject to the fee and the time period covered by the fee.

The specific fee charged is negotiated based on the below fee schedule and subject to account specifics such as account size, management style, complexity of holdings, investment type, management strategy and the expected amount of time and effort required.

Amount Invested	Maximum Fee
\$0 - \$5,000,000+	2.5%

Clients may also incur certain charges imposed by third-parties in connection with investments made in the account(s), including , but not necessarily limited to, the following types of charges: investment managers, mutual fund management fees and administrative serving fees, mutual fund 12b-1 fees, certain deferred sales charges on previously purchased mutual funds, clearing, custody, postage and handling, other transaction charges and service fees (i.e. account transfer fees, wire transfer fees, termination fees, etc.) interest on debt balances, IRA Qualified Retirement Plan fees, and other costs or charges with securities transactions mandated by law. Further information regarding charges and fees assessed by a mutual fund or other securities sponsors is available in the appropriate prospectus or disclosure statement.

Clients may terminate the agreement without penalty for a full refund of the fees within five business days of signing an agreement. Thereafter, clients may terminate the agreement with 30 days' written notice. If the advisory agreement is terminated before the end of the quarterly period, client is entitled

to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date, which will be processed by the custodian.

## **Financial Planning**

If financial planning is provided separately, the fee is generally based on the estimated amount of time required multiplied by a negotiated hourly rate of generally between \$200 and \$300 depending on the particular complexities involved and specific credentials required. As circumstances warrant an hourly rate may be less than \$200 or more than \$300. Payment is generally 50% in advance and the balance upon completion. In the event that a client terminates the services they will be entitled to a refund of any unearned fees by subtracting the earned fees from the amount paid in advance. Financial planning fees are payable by check to Cross Financial Advisors, LLC. A financial planning engagement is considered terminated upon delivery of a plan (written or non-written).

## **Hourly Consulting Fees**

The hourly consulting fee will be based on the type of services to be provided, experience and expertise. The negotiated hourly fee for these services will generally range from \$200 to \$300 but may exceed \$300 as circumstances warrant due to client specific complexities or the degree of expertise required.

The following criteria will be considered as appropriate when determining the number of hours expected to create a client specific financial plan.

- Total Income
- Net Worth
- Marital Status
- Tax Bracket
- Assets under Management
- Children
- Education Costs
- Timeframe
- Risk Tolerance
- Objectives
- Account Types and Holdings
- Investment Experience
- Budget
- Expected number of Meetings
- Phone Conferences
- Amount of material required to review
- Number of Accounts
- Type of Holdings

Payment for services is generally due upon completion of each hourly session. In the event that a client terminates the services they will be entitled to a refund of any unearned fees by subtracting the earned fees from any amount pre-paid, if applicable.

Payment for hourly consulting is to: Cross Financial Advisors, LLC.

Cross Financial Advisors accepts payments via a third-party payment vendor, AdvicePay. AdvicePay is a digital fee-for-service (FFS) payment-processing platform built specifically for Financial Planners to facilitate client payments via ACH or credit card. In addition to facilitating one-time payments, AdvicePay also allows subscription billing while remaining compliant with custody regulations. In addition to accepting one-time payments, AdvicePay will allow ongoing (monthly, quarterly, semi-annual) billing of planning services.

As a result advisors can offer a new subscription type model for your financial planning services. A fee of 1% for ACH and 2.9% + \$.30 is charged per credit card transaction. The transaction fees are collected prior to payments being received and processed by LPL. Revenue will continue to be paid through your standard commission report at your existing payout rates. However, LPL has negotiated a discounted rate for both our Corporate RIA and Hybrid RIA advisors.

### **Client Responsibility for Third Party Fees**

This brochure describes Cross Financial Advisors' non-wrap fee advisory services; clients utilizing Cross Financial Advisors' wrap fee portfolio management should see the separate Wrap Fee Program Brochure for additional details regarding third party fees. Client accounts not participating in the wrap fee program are responsible for the payment of all third party fees (i.e., custodian fees, commissions, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Cross Financial Advisors. Please see Item 12 of this brochure regarding broker/custodian.

### **Item 6 – Performance-Based Fees and Side-by-side Management**

- Cross Financial Advisors does not accept performance-based fees – that is, fees based on a share of capital gains or capital appreciation of assets (such as a client that is a hedge fund or other pooled investment vehicle).
- Cross Financial Advisors does not participate in side-by-side management, where an advisor manages accounts that are both charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or fixed fee or an asset-based fee.

### **Item 7 – Types of Clients**

Cross Financial Advisors generally provides advice for individuals and high net worth individuals. However, the advisory services offered by Cross Financial Advisors are also available to small businesses, banks and thrift institutions, estates, charitable organizations as well as state and municipal government entities, corporations and pension plans as such opportunities may arise.

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

A client's portfolio may include assets of publicly held companies in the United States and foreign markets. This may include both equities and fixed income assets. Other options may include domestic and foreign debt instruments (i.e. government and corporate bonds), real estate investment trusts and mutual funds or private placements that invest in natural resources or managed futures (markets such as, and not limited to, currency, commodity, agriculture and energy).

Each market may function and change in different ways depending on supply and demand, current events and investor behaviors. While our goal is to help increase a client's net worth, there is potential for losses in market, principal, and interest values. These changes may also affect a client's tax situation and filings.

Analysis and strategies are generally based on:

- Publicly Available Data

- A Client's Net Worth
- Risk Tolerance
- Goals for Investment Account Funds
- 3<sup>rd</sup> Party Research

Each client portfolio will be initially designed to meet a particular investment goal, which we determine to be appropriate for the client's circumstances. Once the portfolio has been determined, we regularly review the portfolio and if appropriate, rebalance it based upon the client's individual needs, stated goals and objectives.

Investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results. The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations.

### **Risk of Loss**

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries. This is a risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.
- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow

from an investment to decline.

- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political Risk** – the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.
- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.

### Types of Investments (Examples, not limitations)

- **Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
  - **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. 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
  - **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable “units” to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT’s underlying securities.

- **Equity** – investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.
- **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. 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.
- **Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **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.
- **Structured Products** – 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 senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This 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 guarantee. In addition, the principal guarantee relates to 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.

- **Hedge Funds and Managed Futures** – Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- **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.
- **Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **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.
- **Margin Accounts** – Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.

- **Long-Term Purchases** – are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** – are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Other investment types may be included as appropriate for a particular client and their respective trading objectives.

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

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of an advisory firm or the integrity of the firm's management. Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or material disciplinary events to disclose.

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

Investment adviser representatives of Cross Financial Advisors may receive compensation for the sale of securities or other investment products in their capacity as a registered representative of LPL. Investment advisor representatives of our firm may also be insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. Insurance products will only be offered in states where the representative offering insurance is properly licensed.

An investment advisor representative is not paid both an advisory fee and a commission for the same product. The conflict of interest created by the different payment structures is mitigated by an investment advisor representative's fiduciary duty to act in the best interest of their client and to act accordingly.

All advisors of the firm are also registered representative. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Cross Financial Advisors always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Cross Financial Advisors in such individual's outside capacity.

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

Cross Financial Advisors maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

- The code of ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives.

- As disclosed in the Conflicts of Interests section, the code of ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts.
- Neither Cross Financial Advisors nor a related person recommends to clients, or buys or sells for client accounts, securities in which they or a related person has a material financial interest.
- 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 our clients at all times.
  - Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures.
  - All of our supervised persons must conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.
  - Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with the Code of Ethics.

This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Item 12 – Brokerage Practices**

Cross Financial Advisors will recommend LPL for securities transactions. Investment adviser representatives of Cross Financial Advisors do not maintain discretionary authority in determining the broker/dealer with whom orders for the purchase and sale of securities are placed for execution or the commission rates at which such transactions are effected. Each asset management client of Cross Financial Advisors will be required to establish an LPL account.

### **Non- Soft Dollars**

Cross Financial Advisors receives non-soft dollar support services and/or products from LPL Financial which assist the firm to better monitor and service client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research;
- pricing information and market data;
- software and other technology that provide access to client account data;

- compliance and/or practice management-related publications;
- consulting services;
- attendance at conferences, meetings, and other educational and/or social events;
- marketing support;
- computer hardware and/or software; and,
- other products and services used in furtherance of investment advisory business operations.

These support services are provided to Cross Financial Advisors based on the overall relationship between Cross Financial Advisors and are not the result of soft dollar arrangements or any other express arrangement that involves the execution volume of client transactions executed.

## **Best Execution**

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, for the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our recommendations to our clients are based on our clients' interests in receiving best execution and the level of competitive, professional services.

## **Trade Aggregation**

For advisory services, Cross Financial Advisors and its related persons may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Cross Financial Advisors and its related persons may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of trades, and the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If Cross Financial Advisors or its related persons do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

## **Item 13 – Review of Accounts**

Account surveillance is conducted on an ongoing basis by Mathew D. Whiteaker, the Chief Compliance Officer. Client review periods are generally annually depending on market conditions, the client's funding needs and changes in investment objectives. Occasionally a review may result in a "no change" recommendation. If a client has a change in their financial situation Cross Financial Advisors will perform a review to make sure that the portfolio is appropriate for the client and meets their cash needs. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for accounts.

- All clients are advised that it remains their responsibility to advise Cross Financial Advisors of any changes in their investment objectives and/or financial situation.

- All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on an annual basis.

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

Cross Financial Advisors may receive an economic benefit from LPL Financial such as, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist investment advisor representative in providing various services to clients.

Cross Financial Advisors and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse Cross Financial Advisors for the costs associated with, education or training events that may be attended by Cross Financial Advisors employees and investment advisor representatives and for Cross Financial Advisors sponsored conferences and events. Such additional compensation represents a conflict of interest however investment advisor representatives of Cross Financial Advisors have a fiduciary duty to act in the client's best interest.

Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose regarding the custodial relationship with LPL Financial.

Cross Financial Advisors may, via written arrangement, retain third parties to act as solicitors for Cross Financial Advisors' investment management services. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. Cross Financial Advisors will ensure each solicitor is 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.

Cross Financial Advisors participates in the Ramsey Solutions Smartvestor Pro program. In the program Cross Financial Advisors pays a monthly fee to Ramsey Solutions who provides the names of Smartvestor Pro participant when requested by visitors to the Ramsey Solutions website. The referral is based on geography so Cross Financial Advisors cannot pay a higher rate to receive priority referral positioning.

#### **Item 15 – Custody**

Cross Financial Advisors does not have actual or constructive custody of client funds. Clients of Cross Financial Advisors directly authorize the qualified custodian to deduct the firm's investment management advisory fees from their account.

- The custodian sends statements at least quarterly to clients showing all disbursements in account including the amount of the advisory fees paid to advisor, the value of client assets upon which advisor's fee was based, and the specific manner in which advisor's fee was calculated.

- Clients provide authorization to permitting advisory fees to be deducted from client advisory account.
- Payment of fees may result in the liquidation of a client's positions if there are insufficient funds in the account.
- Fees are assessed on all assets in the account(s), including securities, cash or money market balances.
- Margin debits do not reduce the value of the assets in the account for billing purposes.

Clients should review the fee calculated and deducted by the custodian to ensure that the fees were calculated correctly.

#### **Item 16 - Investment Discretion**

Cross Financial Advisors provides investment advisory services on a discretionary basis. Prior to Cross Financial Advisors assuming discretionary authority over a client's account, the client shall be required to grant permission by executing an advisory agreement, naming Cross Financial Advisors as the client's attorney and agent-in-fact. Such an agreement, grants Cross Financial Advisors full authority to buy and/or sell the type and amount of securities on behalf of a client, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

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

Cross Financial Advisors does not vote client proxies. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact Cross Financial Advisors at (503) 430-0563 to discuss any questions they may have with a particular solicitation. To request assistance on a proxy voting issue please contact the offering company.

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

Cross Financial Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance or otherwise have actual or constructive custody of client funds. There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Cross Financial Advisors been the subject of a bankruptcy petition.