

## Item 1 Cover Page

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**This brochure provides information about the qualifications and business practices of Alignment Financial Group (CRD #306644). If you have any questions about the contents of this brochure, please contact us at (617) 306-3159. 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. Registration as a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Alignment Financial Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 Material Changes**

There have been no material changes to this Brochure since the date of the firm's initial registration approval noted below.

The material changes discussed above are only those changes that have been made to this Brochure since the firm's initial registration approval. The date of initial registration approval of the firm was March 13, 2023.

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#### **Item 4 Advisory Business**

Alignment Financial Group is an investment advisor firm registered with the U.S. Securities and Exchange Commission (“SEC”), since March 2023.

The principal owner of Alignment Financial Group is Daniel Pimental, Principal.

##### Pension Consulting Services

Alignment Financial Group’s principal service is providing fee-based Pension Consulting Services to institutions and other business entities. Alignment Financial Group (“Advisor”) will evaluate the existing qualified retirement plan solution(s) and will, at a minimum, evaluate the qualified retirement plan’s fiduciary compliance program, recordkeeping and third-party administration services, investment policy statement and management process, employee communication and education program, and retiree/rollover transitional consulting services.

Based on the evaluation, Alignment Financial Group will make objective recommendations to the plan sponsor. Upon approval, Alignment Financial Group will implement, manage, and monitor the recommendations with the authorization of the plan sponsor. As part of the process, Alignment Financial Group will provide an investment policy statement. Alignment Financial Group will recommend, monitor, and benchmark the selected investment platform according to the investment policy statement.

Alignment Financial Group may recommend and refer clients to unaffiliated money managers or investment advisors (“Investment Manager”). Through this arrangement, the client will then enter into an advisory agreement with the Investment Manager authorizing them to assist and advise the client in establishing investment objectives and develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. Alignment Financial Group may assist the client in completing the Investment Manager’s client questionnaire and opening account paperwork. Alignment Financial Group will also assist in the development of the initial policy recommendations.

In consideration for these services, Alignment Financial Group will receive an investment advisory fee, billed monthly or quarterly in advance or in arrears. The Investment Manager is hired by the client. Alignment Financial Group will only make recommendations to the client about who should be hired. The Investment Manager will have discretion as to the model portfolios/asset allocations, but not the individual participants elections or asset allocation of any participants should they elect to customize their own portfolio. The client, prior to entering into an agreement with an Investment Manager recommended by Alignment Financial Group, will be provided with that Investment Manager’s Disclosure Brochure. In addition, Alignment Financial Group and the client will agree in writing that the client’s account will be managed by that selected Investment Manager on a discretionary basis.

##### Investment Management Services

Alignment Financial Group provides fee-based investment advisory services and comprehensive financial planning services. The Advisor practices custom management of portfolios, on a discretionary basis, according to the client’s objectives. The Advisor’s primary approach is to use

a tactical allocation strategy aimed at reducing risk and increasing performance. The Advisor may use any of the following: exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, CDs, municipal securities, United States government securities, and options in securities and commodities to accomplish this objective. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

#### Selection of Other Advisors

Alignment Financial Group may periodically recommend and refer clients to unaffiliated money managers or investment advisors. Through this arrangement, the client will then enter into an advisory agreement with the third-party money manager authorizing them to assist and advise the client in establishing investment objectives and develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such, the third-party money manager will receive an investment management fee, billed monthly or quarterly in advance or in arrears, based on the value of assets of the account as of the opening of business on the first business day of the billing period, or if an arrears, based on the value of assets of the account on the last business day of the billing period. New account fees will be prorated from the inception of the account to the end of the first billing period. Alignment Financial Group will receive a portion of the third-party manager's investment management fee and may assist the client in completing their client questionnaire and account opening paperwork. Alignment Financial Group may also assist in the development of the initial policy recommendations and managing the ongoing client relationship.

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Alignment Financial Group will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

Alignment Financial Group does not provide portfolio management services to wrap fee programs.

As of December 31, 2023 Alignment Financial Group had approximately \$315 million in non-discretionary client assets under management.

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

##### Pension Consulting Fees

Pursuant to a pension consulting agreement signed by the client, the plan sponsor will pay the Advisor, as compensation for its services, a consulting fee ranging from 0.05% to 0.40% per

annum, depending on the type and complexity of the services as well as the size of the plan (including the value of any outstanding loans from the Plan to Participants) and overall client relationship. The consulting fee is payable monthly or quarterly, in advance or in arrears. Fees billed in advance will be based on the market value of assets in the Plan at the start of business on the first business day of the billing period; fees billed in arrears will be based on the market value of assets in the Plan at the close of business on the last business day of the billing period. The consulting fee in the first month/quarter of the Agreement shall be prorated from the inception date to the end of the month/quarter. The Advisor shall invoice the Plan Sponsor for the consulting fee. The Plan Sponsor may, at its election, submit invoices for this consulting fee to the Plan's record keeper or custodian of the Plan's assets for payment. The Plan Sponsor agrees to payment of these invoices, whether directly from the Plan Sponsor or from the Plan's record keeper/custodian, promptly, and, under normal circumstances, by the end of the month in which the invoice is submitted.

Fees are negotiable and the Plan Sponsor and Advisor may agree to a minimum annual fee and/or a maximum annual fee.

#### Investment Management Fees

Pursuant to an investment management contract signed by each client, the client will pay Alignment Financial Group an annual management fee, payable monthly in arrears, based on the value of portfolio assets of the account managed by the Advisor on the last business day of the month. The management fee may be adjusted to account for significant contributions or withdrawals made to the account during the month. New account fees will be prorated from the inception of the account to the end of the first month.

Management fees range from 0.75% per annum to 1.25% per annum depending on the type and complexity of the investment management strategy employed as well as the size of the account or overall client relationship. The average management fee approximates 1.0% per annum. Management fees may be reduced or waived for directors, officers, and employees of Alignment Financial Group at the discretion of management. These fees may be negotiated by Alignment Financial Group at its sole discretion. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a statement at least quarterly to the client. Where it is not practical to deduct fees directly from client accounts, client will be sent an invoice at the beginning of each month. The invoice is payable upon receipt.

At no time will Alignment Financial Group accept or maintain custody of a client's funds or securities except for authorized fee deduction.

Alignment Financial Group's pension consulting fee may be payable in advance. Upon termination, any fees paid in advance will be prorated to the date of termination and any unearned fees will be refunded to client.

Neither Alignment Financial Group nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Qualified clients, as defined by Rule 205-3 of the Investment Adviser's Act, may enter into advisory agreements where Alignment Financial Group is entitled to a performance fee as part or all of its compensation. Qualified clients must meet one or more of the following requirements:

- i. Client is a natural person who, or a company that, immediately after entering into the contract has at least \$1,100,000 under the management of the Advisor;
- ii. Client is a natural person who, or a company that, immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,200,000 at the time the contract is entered into (excluding the equity in the Clients' primary residence) reduced by any indebtedness that is secured by the Client's primary residence in excess of the estimate fair market value of the residence;
- iii. Client is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into.

Suitability will be determined through due diligence inquiries determined to be appropriate in the circumstances by Alignment Financial Group. Alignment Financial Group, at its sole discretion, may reject any client application where the above financial standards are not met and/or where it reasonably believes the investor lacks the necessary financial sophistication, who purport to not fully understand Alignment Financial Group's method of compensation and the nature of its risks, or who are otherwise deemed to be unsuitable for such an arrangement.

The firm may receive a Performance Fee in addition to the investment management fee, based upon any gains obtained in the client's account, assessed quarterly in arrears. This fee will be based upon any gains in the account that exceed a hurdle rate equal to 8.0 percentage points in excess of the S&P 500 Index for the period in question, subject to a "high water mark" to ensure that the firm will not receive the performance fee unless, and only to the extent that, there are cumulative gains in the client's account during the quarter. The performance fee will be calculated at the end of each quarter and deducted from the client account concurrent with the quarterly management fee. For accounts terminated before the end of the quarter, Advisor will calculate the performance fee for the period from the beginning of the quarter through the termination date and deduct the fee directly from the client account.

There is an inherent conflict of interest when a firm charges performance-based fees to some accounts and management fees based on a percentage of assets under management to other accounts, in that an advisor is incented to favor the accounts from which it will earn higher compensation. To mitigate this conflict, the firm provides its advisory services to all client accounts, including those clients who are not charged a performance fee. These services include evaluation of investor suitability and adhering to the investor risk profile when making investment decisions, client communications and account reviews that are the same for all clients, and availability by the firm and supervised persons to meet with clients as necessary. In addition, the firm maintains trading policies and a Code of Ethics that are intended to deliver consistency, that no one client is favored over another.

Another conflict of interest concerning accounts with performance-based fees is that the advisor is incentivized to use higher risk investments than called for by the client risk profile. Such investments may generate higher returns, which in turn would generate higher performance-based fees for the advisor. Alignment Financial Group has a fiduciary obligation to its clients to put the interest of their clients first over and above the interest of the firm and its supervised persons. In addition, Alignment Financial Group attempts to further mitigate this conflict by maintaining suitability and employing trading policies and procedures designed to assist the advisor in further meeting its fiduciary obligations to adhere to the client's agreed upon risk profile.

### **Item 7 Types of Clients**

The Advisor will offer its services to individuals, high-net worth individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations or other business entities.

The Advisor does not have any minimum requirements for opening or maintaining an account.

The Advisor requires that their clients, members of the limited partnership, be qualified clients by investing either \$1,100,000 in the Fund or that they have a net worth of at least \$2.2 million.

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

The Advisor may utilize fundamental, technical, or cyclical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions; and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

The investment strategies the Advisor will implement may include long term purchases of securities held at least for one year; short term purchases for securities sold within a year; trading



of securities sold within 30 days; short sales; margin transactions; and option writing, including covered options, uncovered options, or spreading strategies.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices or unemployment, etc.).

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

The primary risks in technical analysis are that the factors used to analyze the price, trends and volatility of a security may not be replicated, or the outcomes of such analysis will not be the same as in past periods where similar combinations existed. Because of the reliance on trends, technical analysis can signal buying at market peaks and selling at market troughs.

In cyclical analysis, economic or business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. Also, the lengths of the economic cycles may be difficult to predict with accuracy. Therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

All investments involve some degree of risk. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks. Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

Every saving and investment product have different risks and returns. Differences include how readily investors can get their money when they need it, how fast their money will grow, and how safe their money will be. The primary risks faced by investors include:

### Business Risk

With a stock, you are purchasing a piece of ownership in a company. With a bond, you are loaning money to a company. Returns from both of these investments require that the company stays in business. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds. If there are assets, the company's bondholders will be paid first, then holders of preferred stock. If you are a common stockholder, you get whatever is left, which may be nothing.

### Volatility Risk

Even when companies aren't in danger of failing, their stock price may fluctuate up or down. Large company stocks as a group, for example, have lost money on average about one out of every three years. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.

### Inflation Risk

Inflation is a general upward movement of prices. Inflation reduces purchasing power, which is a risk for investors receiving a fixed rate of interest. The principal concern for individuals investing in cash equivalents is that inflation will erode returns.

### Interest Rate Risk

Interest rate changes can affect a bond's value. If bonds are held to maturity the investor will receive the face value, plus interest. If sold before maturity, the bond may be worth more or less than the face value. Rising interest rates will make newly issued bonds more appealing to investors because the newer bonds will have a higher rate of interest than older ones. To sell an older bond with a lower interest rate, you might have to sell it at a discount.

### Liquidity Risk

This refers to the risk that investors won't find a market for their securities, potentially preventing them from buying or selling when they want. This can be the case with the more complicated investment products. It may also be the case with products that charge a penalty for early withdrawal or liquidation such as a certificate of deposit (CD).

The Advisor does not primarily recommend a particular type of security. However, clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have negative effects on their value, such as competition or government regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

## **Item 9 Disciplinary Information**

Neither Alignment Financial Group nor its management persons have had any legal or disciplinary events, currently or in the past.

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

Neither Alignment Financial Group nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Alignment Financial Group is a commodity pool operator exempt from registering with the Commodities Futures Trading Commission (“CFTC”). Alignment Financial Group is the General Partner and Investment Manager of Alignment Digital Currency Fund, LP, an exempt commodity pool, since February 2021. Alignment Digital Currency Fund, LP is a hedge fund, and Daniel Pimental, Principal, receives performance-based fees and management fees associated with his duties as executive officer and promoter of the fund. Alignment Financial Group does not intend to recommend that its investment advisory clients invest in Alignment Digital Currency Fund, LP, and therefore there is no conflict of interest. However, if any investment advisory clients are already investors in the fund, a conflict of interest does exist. A conflict of interest exists because of the receipt of additional compensation by Alignment Financial Group and Mr. Pimental. Alignment Financial Group addresses this conflict of interest by disclosing to its clients prior to issuing partnership interests the fund that by utilizing Alignment Financial Group and Mr. Pimental in this capacity, the client will incur additional fees and expenses. Those fees and expenses are explained to the client in advance of offering the services. Where performance fees are charged, Alignment Financial Group will properly qualify all investors pursuant to Rule 205-3 of the Adviser’s Act to ensure that the client has a minimum of \$1,100,000 under management with Alignment Financial Group or a minimum net worth of \$2,200,000.

Alignment Financial Group does recommend or select other investment advisors for clients. For more specific detail see the response to Item 4 above.

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

Alignment Financial Group is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Alignment Financial Group has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the Advisor. In addition, the Code of Ethics governs personal trading by each employee of Alignment Financial Group deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Alignment Financial Group are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Alignment Financial Group collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Alignment Financial Group will provide a copy of the Code of Ethics to any client or prospective client upon request.

Alignment Financial Group has a financial interest in certain securities or investment products. Alignment Financial Group is a commodity pool operator exempt from registering with the CFTC. Alignment Financial Group is the General Partner and Investment Manager of Alignment Digital Currency Fund, LP, an exempt commodity pool, since February 2021. Alignment Digital Currency Fund, LP is a hedge fund, and Daniel Pimental, Principal, receives performance-based

fees and management fees associated with his duties as executive officer and promoter of the fund. As a result of this arrangement, Alignment Financial Group and Mr. Pimental, Principal, may receive additional compensation based upon their ownership or financial interest in the security or investment product. This creates a conflict of interest. If a client seeks to invest in this security, Alignment Financial Group will disclose all fees to the client in advance.

Alignment Financial Group does not intend to recommend that its investment advisory clients invest in Alignment Digital Currency Fund, LP. However, if this changes in the future, Alignment Financial Group will provide information to current clients about Alignment Digital Currency Fund, LP if they meet qualified investor standards. Daniel Pimental may be currently invested in the limited partnership. The receipt of additional compensation by the Alignment Financial Group principals, representatives, or employees creates a conflict of interest. If a client elects to purchase an interest in the limited partnership, Alignment Financial Group will disclose all fees the client will pay, in advance.

Alignment Financial Group and/or its investment advisor representatives may from time to time purchase or sell products that they may recommend to clients. This practice creates conflicts of interest in that personnel of Alignment Financial Group can take advantage of the advance knowledge of firm securities trading and trade their personal accounts ahead of the client trades or recommend trades in client accounts that may affect the price of the securities owned by the Investment Advisor Representatives. To mitigate these conflicts, Alignment Financial Group has adopted a Code of Ethics as noted above. Alignment Financial Group's Code of Ethics is available upon request. Finally, supervised persons of registered investment advisors are fiduciaries by law and are required to put the client's interest before those of the firm and themselves.

Alignment Financial Group requires that its investment advisor representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

Investment advisor representatives of Alignment Financial Group may trade for their own accounts securities that are being traded for client accounts at or about the same time. To mitigate the conflict of interest in such circumstances, Alignment Financial Group's policy is to require the trading of all relevant client accounts prior to the trading of their own accounts. The Chief Compliance Officer examines personal trading activities of Alignment Financial Group's personnel to verify compliance with this policy.

## **Item 12 Brokerage Practices**

If requested by the client, Alignment Financial Group may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Alignment Financial Group will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

Alignment Financial Group does not receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions.

Alignment Financial Group does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Alignment Financial Group does not recommend, request or require that a client direct it to execute transactions through a specified broker-dealer.

Alignment Financial Group does not permit clients to direct brokerage.

Alignment Financial Group may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Alignment Financial Group's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Alignment Financial Group may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

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

Alignment Financial Group reviews client accounts on a continuous and ongoing basis, but no less frequently than annually or when conditions would warrant a review based on market conditions or changes in client circumstances. Triggering factors may include Alignment Financial Group becoming aware of a change in client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline. The nature of the review is to determine if the client account is still in line with the client's stated objectives. Financial plans, once prepared and delivered to the client are not reviewed again unless the client requests a financial plan be updated. Client accounts and financial plans are reviewed by Daniel Pimental, Principal.

The client is encouraged to notify the Advisor and investment advisor representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from asset managers, trust companies or other

custodians, broker-dealers, and others who are involved with client accounts. Alignment Financial Group does not deliver separate client reports.

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

Alignment Financial Group is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Alignment Financial Group does not directly or indirectly compensate any person who is not a supervised person for client referrals.

#### **Item 15 Custody**

Alignment Financial Group does not have custody of client funds or securities, except for the withdrawal of advisory fees directly from client accounts (please see Item 5 which describes the safeguards around direct fee deduction). However, as noted in Item 13 above, clients will receive statements not less than quarterly from the qualified custodian, and we encourage you to review those statements carefully. Any discrepancies should be immediately brought to the firm's attention.

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

Alignment Financial Group generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Alignment Financial Group.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Alignment Financial Group will be in accordance with each client's investment objectives and goals.

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

Alignment Financial Group will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Alignment Financial Group cannot give any advice or take any action with respect to the voting of these proxies. The client and Alignment Financial Group agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

Alignment Financial Group is the General Partner and Investment Manager of Alignment Digital Currency Fund, LP, an exempt commodity pool, since February 2021. Alignment Financial Group will vote proxies on the fund's behalf. Alignment Financial Group has adopted and implemented written Proxy Voting Policies and Procedures ("Proxy Voting Procedures"), which are designed to reasonably ensure that Alignment Financial Group votes proxies in its clients' best interests.

The Proxy Voting Procedures describe how Alignment Financial Group addresses voting authority, material conflicts of interest, voting decisions, notification to the client, books and records requirements, and ensures that proxies are voted in the best interest of its clients.

Alignment Financial Group acknowledges and agrees that it has a fiduciary obligation to its clients to ensure that any proxies for which it has voting authority are voted solely in the best interest of and for the exclusive benefit of its clients. The Proxy Voting Procedures are intended to guide Alignment Financial Group and its personnel in ensuring that proxies are voted in such manner, without limiting Alignment Financial Group or its personnel in specific situations to vote in a predetermined manner. These policies are designed to assist Alignment Financial Group in identifying and resolving any conflicts of interest it may have in voting client proxies.

### **Item 18 Financial Information**

Alignment Financial Group does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and is not required to file a balance sheet.

Alignment Financial Group has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Alignment Financial Group does become aware of any such financial condition, this Brochure will be updated and clients will be notified.

Alignment Financial Group has never been subject to a bankruptcy petition.