



Reason Financial

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This brochure provides information about the qualifications and business practices of Reason Financial. Reason Financial is a Registered Investment Adviser. Registration does not imply a certain level of skill or training.

If you have questions about the contents of this brochure, please call Reason Financial at (858) 483-7500 or e-mail us at info@yourreason.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 Reason Financial also is available on the SEC's website at www.adviserinfo.sec.gov.

Part 2A of Form ADV: Firm Brochure

September 2018

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Item 2 - Material Changes

This Item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

The date of the last annual amendment to this Brochure is September 2018.

Changes made September 2018

Item 4 - Ownership change to include The Pollock Living Trust and, The Storck Family Trust

Item 5 included disclosure stating clients will pay an annual asset management fee to Reason Financial not to exceed 3% annually; and an annual program fee of \$150 per account valued at \$250,000 and above or \$50 or accounts valued less than \$250,000. Further disclosure included to explain the program fee is paid to the wrap program sponsor, 1st Global Advisors, and is paid in quarterly installments in advance and prorated or partial quarters. The program fee amount is not negotiable. However, Reason Financial can negotiate to cover the fee on the client's behalf.

Disclosure added to explain cost structures of share classes and the conflicts of interest of advisory representatives who are registered representatives receiving trailing compensation. Specifically, the following disclosure has been added.

Registered investment company securities such as mutual funds and exchange traded funds offer shares in various share classes. Each share class has a different cost structure. Additionally, some securities have minimum thresholds to purchase institutional shares which are typically the lowest share class but often have higher trading costs. Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes> and <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes>. Additionally, the SEC and FINRA provides investor information at www.sec.gov and www.finra.org.

Typically, Reason Financial will utilize the lowest cost share class in client portfolios. However, there are holdings where the lowest cost share class is not maintained such as in cases where the mutual fund was

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purchased as an A share at net asset value. In such a case, the fund will pay a 12b-1 fee or trailing compensation to the broker/dealer and all or a portion of the 12b-1 fee was previously paid to advisory representatives. This is a conflict of interest and directly increases the client's costs. To mitigate this conflict of interest as of April 2018 the broker/dealer refunds the 12b-1 fees back to the client. However, such share classes continue to have higher internal costs which are paid by the client.

Item 10 – Removed the word “potential” from the disclosure discussing conflicts of interest associated with implementing recommendations on a commission basis through advisory representatives in their capacity of a registered representative. Additionally, disclosures found in Items 5, 8, 10, 13, 14 using the word “may” has been changed to will to improve disclosure of there being conflicts of interest and the receipt of additional forms of compensation if other securities products are purchased through advisory representative.

Item 14 – Disclosure was added to disclose that Certain supervised persons of Reason Financial who are Advisory Representatives have a direct incentive to refer clients to Reason Financial because they share in the advisory fees charged and received by Reason Financial. Additionally, bonus or overall compensation for certain individuals is based on assets referred and managed by Reason Financial. This is a conflict of interest since Reason Financial's services could be higher or lower than other advisory programs. To mitigate this conflict of interest this disclosure is provided and clients are advised they have a choice of their investment adviser and services.

Pursuant to new SEC Rules, 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 fiscal year, which is December 31st. We may further provide other ongoing dis-closure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Steve Pollock at (858) 483-7500 or e-mail us at info@YourReason.com. Additional information about Reason Financial is also available via the SEC's website www.adviserinfo.sec.gov. The website also provides information about any persons affiliated with Reason Financial who are registered, or are required to be registered, as investment adviser representatives of Reason Financial

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Item 4 - Advisory Business

Incorporated in January 2000, Reason Financial is an investment advisory firm with an office in San Diego, California. Reason Financial is owned by The Pollock Living Trust and The Storck Family Trust. Steven Pollock serves as Director, Chief Financial Officer, Chief Compliance Officer and President, and Sean Storck serves as Director and Vice President.

Reason Financial is an investment adviser registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. We are engaged in the business of providing ongoing investment advice and monitoring of client portfolios for fees. As an investment adviser, we are a fiduciary to our advisory clients. As fiduciaries, we are expected to manage portfolios in the best interests of clients; provide clients with undivided loyalty; make full and fair disclosure of all material conflicts of interest; seek best execution for client transactions; ensure that investment advice is suitable for clients' objectives, needs and circumstances; and refrain from effecting personal securities transactions that are inconsistent with client interests. If your account is a retirement account and subject to the Employee Retirement Income Security Act of 1974, we are also a fiduciary within Section 3(21) under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. As ERISA fiduciaries, we are expected to provide advice that is in your best interest; only charge fees that are reasonable; and not make any materially misleading statements about recommended transactions, fees and compensation, conflicts of interest, or any other matters relevant to your investment decisions.

Reason Financial provides Clients with discretionary and non-discretionary investment advisory and management services based upon a Client's current investment objectives and risk tolerance. Our core services generally include portfolio construction, asset management, monitoring, financial planning and tax services.

Investment Supervisory Services

Reason Financial offers investment management services on a fee-based advisory basis through their Managed Account Platform. The Managed Account Platform provides for portfolio construction, asset management, and ongoing monitoring. These services constitute an ongoing process by which, the Client's investment objectives, constraints and preferences are identified and specified; strategies are developed and implemented through combinations of financial assets; capital market conditions and Client circumstances are

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monitored; and portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above relevant variables.

The construction of the portfolio starts by the Client assessment of risk. This Risk Profile Questionnaire describes the Client's financial situation, investment objectives, time horizon, risk tolerance and investment preferences. Reason Financial's Investment Advisor Representatives (IARs) will assist Client in interpreting the Risk Profile Questionnaire to determine the appropriate portfolio type.

The currently available Reason Financial portfolio types are designated as Ultra-Conservative, Conservative, Moderate, Growth, or Aggressive Growth. Primarily, mutual funds and exchange traded funds (ETFs), and variable annuities are utilized in managed portfolios. However, depending on the client's preference and suitability other securities may be included in managed portfolios including listed securities, which consist of, but are not limited to, stocks, bonds, unit investment trusts, and certificates of deposit and may be either a cash or margin account.

The Client may impose restrictions on investing in certain securities or types of securities. The Client must provide written instructions to Reason Financial detailing the restrictions and it is at the full discretion of Reason Financial to allow for the accommodation of such restrictions.

Reason Financial monitors market conditions and the performance of a Client's portfolio. Reason Financial's IARs may change the type of portfolio assigned to a Client if the Client's objectives or risk tolerance changes. The Client is responsible to promptly notify the IARs or Reason Financial of any material changes to the information furnished by the Client in the Risk Profile, or information that is otherwise material to Client's financial situation, investment objectives, time horizon, risk tolerance and investment strategy.

Reason Financial provides Clients comprehensive portfolio performance reports at the end of each calendar quarter, commencing with the first full calendar quarter after the Client has been initially invested.

The minimum suggested initial investment in the Reason Financial Managed Account Platform is \$30,000. Reason Financial may choose to waive the account minimum at our sole discretion dictates. The most common reason why Reason Financial waives these minimums is when other accounts owned by Clients exceed this minimum investment amount.

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As of January 25, 2018, the Managed Account Platform manages assets on a discretionary basis of \$118,900,000 and on a non-discretionary basis of \$2,500,000.

Financial Planning

Reason Financial and its IARs offers financial planning services. If financial planning services are provided, the IARs will gather financial information from the Client including but not limited to retirement goals, financial goals, objectives, and investment horizon, in order to assist the Client to develop an understanding of their financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies and other applicable financial information. Based upon a Client's needs, the IARs will prepare a written financial plan that may be comprehensive or modular in nature or modular, as dictated by the Client's needs.

Financial plans are based on the Client's financial situation at the time the plans are prepared and are based on financial information disclosed by the Client to Reason Financial. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance and Reason Financial or Reason Financial's IARs cannot offer any guarantees or promises that Client's financial goals and objectives will be met. Further, the Client must continue to review any plan on a regular basis and update the plan based upon changes in the Client's financial situation, goals or objectives or relevant economic factors. Should the Client's financial situation, goals, objectives or needs change, the Client is responsible for notifying Reason Financial in a timely manner of the changes. Although financial planning may be provided at no direct cost to the Client, Reason Financial may earn advisory fees and Reason Financial's IAR may earn commissions when the Client chooses to implement some or all of the plan recommendations. A conflict exists between the interest of Reason Financial and the client when implemented through Reason Financial and 1st Global Capital Corp.

The Client may elect at their sole discretion, whether to implement some of or the entire plan recommendations through Reason Financial, 1st Global Capital Corp., 1st Global Advisors, or any other broker/dealers or money managers the Client may choose.

With respect to the advisory services offered by Reason Financial, the following information is provided:

- A conflict exists between Reason Financial's interest and a client's interest.
- A client is under no obligation to act upon Reason Financial's recommendations.

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- A client is under no obligation to effect transactions through Reason Financial or its Advisory Representatives.

All material conflicts of interest have been disclosed to the best of our knowledge in this Brochure regarding Reason Financial and its advisory representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice.

Reason Financial offers a wrap program option through 1st Global Advisors, Inc. There is no significant difference between how Reason Financial manages wrap fee accounts and non-wrap fee accounts. However, clients participating in asset management services with Reason Financial after April 1, 2018 will be in a wrap fee program and will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. Accounts not in a wrap account will pay for each service separately (i.e. investment advisory, brokerage, custody).

IRA Rollover Considerations

As part of our consulting and advisory services, we may provide you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as described above under Item 5. This practice presents a conflict of interest because persons providing investment advice on your behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

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1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
 - a. Employer retirement plans generally have a more limited investment menu than IRAs.
 - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
 - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
 - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
 - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there may be a fee associated with the services that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5 (70 ½).
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
 - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be

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some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.

7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

Item 5 - Fees and Compensation

Reason Financial earns asset management fees based on a percentage of assets under management. Hourly rates may be charged for financial and tax planning and tax preparation services. Reason Financial may also receive additional compensation through the implementation of financial planning recommendations.

We Earn Asset Management Fees for the Services We Provide

The maximum asset management fee that can be charged in any Reason Financial managed account platform is 3% annually and is generally negotiable. As of April 1, asset management services are offered through a wrap program sponsored by 1st Global Advisors, Inc. Clients will be provided with the 1st Global Advisors, Inc. Form ADV Part 2A Appendix 1 (Wrap Program Brochure) which discloses important information about the wrap program including costs and conflicts of interest. It is important clients read the Wrap Program Brochure. Clients will pay:

1. An annual asset management fee to Reason Financial not to exceed 3% annually; and
2. An annual program fee of \$150 per account valued at \$250,000 and above or \$50 or accounts valued less than \$250,000.

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The program fee is paid to the wrap program sponsor, 1st Global Advisors, and is paid in quarterly installments in advance and prorated or partial quarters. The program fee amount is not negotiable. However, Reason Financial can negotiate to cover the fee on the client's behalf.

The asset management fee is paid quarterly. To calculate the fee, multiply each segment of the total fee by the value of the account on the last business day of the previous calendar quarter, then multiply that amount by the sum of the number of days in the calendar quarter divided by the number of days in the calendar year. The total asset management fee is the sum of the preceding fee amounts.

Additional assets received into the account during any billing period will be charged a pro-rata asset management fee based on the number of days remaining in the billing period if the amount of the deposit is in excess of \$10,000. Withdrawals from the account will receive a pro-rata refund if the amount of the withdrawal is in excess of \$10,000.

The asset management fee does not include certain fees and charges related to account services provided by the custodian. The fees and charges for accounts held through National Financial Services LLC ("NFS") are disclosed in the section titled Account Fees and Charges for Accounts held through NFS. The fees that we charge are in addition to fees charged by any mutual funds in which you may invest. The mutual funds in your portfolio assess charges and fees at the fund level, including fees for investment management services and 12b-1 distribution charges that are permitted under Section 12b-1 of the Securities Exchange Act. You should be aware that these 12b-1 fees come from fund assets and thus, indirectly from your assets. Together with you, we establish the annual asset management fee within the range stated above.

Registered investment company securities such as mutual funds and exchange traded funds offer shares in various share classes. Each share class has a different cost structure. Additionally, some securities have minimum thresholds to purchase institutional shares which are typically the lowest share class but often have higher trading costs. Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes> and <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes>. Additionally, the SEC and FINRA provides investor information at www.sec.gov and www.finra.org.

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Typically, Reason Financial will utilize the lowest cost share class in client portfolios. However, there are holdings where the lowest cost share class is not maintained such as in cases where the mutual fund was purchased as an A share at net asset value. In such a case, the fund will pay a 12b-1 fee or trailing compensation to the broker/dealer and all or a portion of the 12b-1 fee was previously paid to advisory representatives. This is a conflict of interest and directly increases the client's costs. To mitigate this conflict of interest as of April 2018 the broker/dealer refunds the 12b-1 fees back to the client. However, such share classes continue to have higher internal costs which are paid by the client.

Transaction costs are not commissions; they are clearing costs charged by the designated clearing firm on the Account and are subject to change at any time. Clients participating in the wrap program will not pay separately for transaction charges. Clients in historical asset management accounts not participating in a wrap program will pay Reason Financial an advisory fee and pay transaction charges for securities transactions conducted in the client's account. There is a conflict of interest for Reason Financial to utilize mutual funds and exchange traded funds available through the broker/dealer at no transaction charges since it reduces Reason Financial's cost of the wrap program. To mitigate this conflict of interest, this disclosure is provided.

Reason Financial will use a custodian for the efficient execution of trades for Client's portfolio.

Investment Advisory Fees do not include "expense ratios" of packaged investment products such as Mutual Funds or Exchange Traded Funds. Specific information on the expense ratios of any Mutual Funds or Exchange Traded Funds may be found in their respective prospectuses. Reason Financial reserves the right to revise its advisory fee upon 30 days written notice, prior to the quarter in which the change would become effective.

Unless the Client has elected to pay fees by other means (described at the end of this section, if applicable), the Reason Financial is authorized to withdraw the amounts of such fees from the assets in the Account on or after the first business day of each quarter following the delivery of its invoice to the Client. In any event in which fees are due and payable but there are insufficient funds available in the Account to cover such fees, and the Account is a cash account, Reason Financial is authorized to withdraw the amount of such fees, liquidating assets if necessary, from Account being managed by Reason Financial. For margin accounts with a current margin debit balance, Reason Financial is authorized to increase this margin debit balance by

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withdrawing the fees described in this section. For margin accounts without a current margin debit balance, Reason Financial is authorized to withdraw the amount of such fees, liquidating assets if necessary, from Account being managed by Reason Financial.

If the Client has chosen to pay fees by other means, fees will be payable each quarter within 30 days of delivery of an invoice. If Reason Financial does not receive payment of fees by the 45th day after the date of the invoice, the Client has authorized Reason Financial to withdraw the amounts of such fees, liquidating assets if necessary, from Account being managed by Reason Financial.

Hourly Charges

Reason Financial is compensated for providing Financial Planning Services to Clients based on hourly charges of not to exceed \$400 per hour. Alternatively, fixed fee option is available. Fixed fees will be quoted to the client. The fee will be determined based on complexity of the case, number of anticipated meetings, and areas of analysis. Fees are negotiated with the client based on services to be provided. In most instances Reason Financial will negotiate a set maximum fee for the Financial Planning Services to be rendered to the Client. Fees are due and payable upon satisfaction of the Financial Planning Engagement Agreement.

At all times it is solely the Client's choice whether implementation of all (or a portion) of the recommendations in the plan are done through Reason Financial, 1st Global Capital Corp., 1st Global Advisors, or other broker/dealers or money managers chosen by the Client that are not affiliated with Reason Financial. The Client has the option to purchase investment products recommended by Reason Financial through other brokers or agents.

Reason Financial may provide income tax planning and preparation services to both Advisory and non-Advisory Clients. Fees charged for income tax planning and preparation services are in addition to any Advisory Fees charged for Reason Financial-MAP account services. Fees for income tax planning and preparation are charged at both hourly rates of between \$180 and \$250 per hour and by schedule. Reason Financial may, at its discretion, discount income tax preparation fees.

Adviser may, at Adviser's sole discretion, waive some or all charges for Adviser's Financial Planning and Tax Preparation Services.

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Reason Financial may, at its sole discretion, waive some or all charges for Reason Financial's Financial Planning and Tax Preparation Services.

Clients may terminate services at any time upon written notice.

Additional Compensation

Investment Adviser Representatives (IARs) of Reason Financial are also Registered Representatives (RRs) of 1st Global Capital Corp. Financial Planning recommendations may be implemented through Reason Financial, 1st Global Advisors, 1st Capital Corp., or all three.

When a Non-Advisory transaction (i.e. commissions are paid) is implemented by a 1st Global Capital Corp. RR on behalf of the Client, The RR receives commissions from the sale of investment products, including the sale of mutual funds. As referenced above, Mutual funds assess charges and fees at the fund level, including fees for investment management services and 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. RRs can receive all or a portion of these 12b-1 fees. In the context of providing investment services in a commission based setting, the presence of these 12b-1 fees present a potential conflict of interest because it provides the RR with an incentive to recommend the investment products which include such fees.

Reason Financial and its advisory representatives do not receive commissions on securities transactions conducted in a client's managed account. Instead, they receive advisory fees based on the assets under management in the account.

Client has the option to purchase investment products recommended by IARs through other brokers or agents that are not affiliated with Reason Financial.

Lower fees for comparable services offered by Reason Financial may be available from other sources. The receipt of commissions for the sale of securities, insurance and real estate products and/or 12b-1 fees is a conflict of interest and gives Reason Financial and its advisory representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Reason Financial will attempt to mitigate conflicts of interest by:

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- Informing you of conflict of interest in this Disclosure Brochure.
- Maintaining and abiding by our Code of Ethics which requires us to place your interest first and foremost.
- Routine review of transactions
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.
- Recognizing and advising you Reason Financial is a fiduciary and has an obligation to conduct its business in the best interest of its clients and not in Reason Financial's interest.

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

Reason Financial does not charge performance-based fees and does not participate in side-by-side management.

Item 7 - Types of Clients

Reason Financial generally provide advisory services to individuals (other than high-net-worth individuals), high-net-worth individuals, and pension and profit sharing plans.

Reason Financial generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. Reason Financial will generally require you to deposit a minimum of \$30,000 (cash or securities). However, under certain circumstances, Reason Financial may waive the minimum account size requirement and accept accounts less than \$30,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with Reason Financial. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Reason Financial investment philosophy is based on the principle of diversification and asset allocation.

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Diversification is designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to generate correlated returns at the same time. This philosophy is based on Nobel Prize winning concepts known collectively as Modern Portfolio Theory.

Simply stated, modern portfolio theory teaches that long-term investment strategy should not focus on short-term results and should not necessarily avoid "risky" investments. In fact, modern portfolio theory states that no investments are "always" imprudent. Rather, research demonstrates that investment returns correlate strongly with risk and that it is only by accepting "risk" into the portfolio and satisfactorily diversifying the portfolio of investments that can truly grow, preserve, and protect against taxes and inflation in a portfolio. Because risk and return are linked, the main task is not to avoid risk but to manage it prudently; in other words, to define risk and return objectives reasonably suited to the account and to evaluate and make decisions respecting asset classes and individual securities in the context of the portfolio as a whole.

In 1952, Nobel Laureate Dr. Harry Markowitz took the practice of investing to an entirely new level by developing a process that enabled investors to optimize the benefits of diversification. That process is known today as strategic asset allocation. Dr. Markowitz's work has served as the bedrock for smart investing for almost six decades and continues to do so today.

Asset allocation takes the idea of diversification one step further by combining multiple asset classes so that no one asset class will have a significant adverse impact on your overall portfolio. The combination of different asset classes allows investors to construct efficient portfolios that provide the highest amount of expected return for a given level of expected risk.

Reason Financial structures a Client's portfolio by taking into account the Client's investment objectives and feelings about the balance between risk and return. Asset classes and their relative weighting are matched to a model, that are that through our research, have displayed similar risk-return characteristics. Investments are then selected to match the criteria of a specific asset class. From time to time, market conditions may dictate adjustments to the relative weightings among asset classes.

As stated under Item 4, Reason Financial primarily uses mutual funds, exchange trades funds and variable annuities in managed portfolios.

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Risk of loss for all types of analysis

Investment portfolios, programs, models, asset allocations, or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be periods of loss in the future.

Reason Financial and our IARs emphasize that investment returns, particularly over shorter time periods, are highly dependent on trends in the various investment markets. Reason Financial's investment management services are suitable for long-term investment objectives or strategies, rather than for a short-term objective or for trading or market timing purposes.

Neither diversification nor asset allocation assure a profit or protect a Client's investment portfolio against a loss, and there is no guarantee that a Client's investment objectives will be achieved.

Reason Financial's programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them may lose value.

All investment programs have certain risks that the Client must bear. Reason Financial's investment approach regularly keeps the risk of loss in mind. Clients face investment risks including:

Interest rate risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market risk: The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation risk: The risk is that the rate of inflation will exceed the rate of return on an investment.

Currency risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

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Reinvestment risk: This is the risk that future proceeds from investments may have to be reinvested at potentially lower rates of return (i.e. interest rate). This is primarily to fixed income securities.

Business risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders or investors are frequently buying or selling that type of asset. For example, Treasury bills are highly liquid, while real estate properties are not.

Financial risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in cash crises, bankruptcy and/or declining market value.

Credit Risk: Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

Risks of investing outside the U.S.: Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

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There are risks inherent in all financial decisions and transactions. There is no guarantee that a Client's investment objectives will be achieved.

Neither Reason Financial nor Reason Financial's IARs make any promises, representations, warranties or guarantees that any of Reason Financial's services to be rendered will result in a profit to Client. Reason Financial does not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that Reason Financial or IARs may use or the success of our overall management.

Investment decisions that Clients make or that Reason Financial makes for Clients are subject to various market, currency, economic, political and business risks. Reason Financial's and Client investment decisions will not always be profitable.

Reason Financial and its IARs will not be liable for any loss incurred with respect to Client accounts, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action Clients may have under applicable securities laws or your rights in the event Reason Financial or any of Reason Financial's IARs breach any fiduciary duty owed to Client.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client or potential Client's evaluation of Reason Financial or the integrity of Reason Financial's management.

Reason Financial and the management personal of Reason Financial have no reportable disciplinary events to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

Reason Financial is actively engaged in the following financial industry activities:

Tax Preparation and Planning

Reason Financial provide income tax planning and preparation services to Clients under Reason Tax Group, LLC. Income tax planning and preparation services may be provided to Advisory and non-Advisory Clients.

Reason Financial: Firm Brochure

Fees charged for income tax planning and preparation services are in addition to any Advisory Fees charged for the account services. Fees for these services are charged at both hourly rates of between \$180 and \$250 per hour and by schedule. Reason Financial may, at its discretion, discount income tax preparation fees.

Insurance Sales

Reason Financial's IARs are agents and/or brokers of various insurance companies. IARs are able to effect insurance recommendations if the Client elects to have insurance recommendations implemented. These individuals receive compensation for insurance and/or annuity implementation. This compensation is paid to the agent. Reason Financial receives no portion of this compensation. Clients are not obligated to use any of these individuals for insurance product purchases.

Real Estate Services

Reason Financial's IARs are agents and/or brokers registered with the California Department of Real Estate. IARs may refer a Client to other real estate brokers and/or real estate professionals such as escrow companies and Title Insurance companies. IARs may be entitled to earn a referral fee or a portion of a commission. Reason Financial's IARs also refer Clients to mortgage brokers and loan agents for real estate financing needs, as requested by the Client. Reason Financial receives no portion of this compensation. Clients are not obligated to use any of these referrals for Real Estate related transactions.

Material Business Arrangements

Management persons or an associated person of Reason Financial are not registered as, nor do they have an application pending to register as, a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. Management and supervised persons of Reason Financial are registered as Registered Representatives with a broker-dealer, 1st Global Capital Corp. Additionally, management and supervised persons are Investment Advisor Representatives of 1st Global Advisors, Inc. Reason Financial is not affiliated with or related to 1st Global Capital Corp. or 1st Global Advisors, Inc.

Reason Financial attempts to mitigate the conflicts of interest with the receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as registered representatives with 1st Global Capital Corp., Advisory Representatives are subject to a supervisory structure at 1st Global Capital Corp. for their securities business.

Reason Financial: Firm Brochure

Reason Financial will make sure that before selecting other advisers the other advisers are properly licensed or registered as an investment adviser.

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

Reason Financial has adopted a Code of Ethics which governs a number of potential conflicts of interest Reason Financial and its IARs have when providing advisory services to our Clients. Reason Financial's Code of Ethics is designed to ensure that Reason Financial and its IARs meet and maintain a high standard of business conduct, and meet their fiduciary responsibilities to their Clients. In addition, Reason Financial's Code of Ethics is designed to foster a culture of compliance and responsibility throughout Reason Financial and its IARs.

Reason Financial's Code of Ethics is comprehensive and is designed to help detect and prevent violations of securities laws, and to help ensure that Reason Financial and its IARs place the Clients' interests above their own at all times.

Reason Financial distributes its Code of Ethics to each of its employees and affiliated or supervised persons at the time they begin their employment or affiliation or supervision with Reason Financial. Reason Financial's Code of Ethics remains available to each employee, affiliate, or supervised person for as long as he or she remains associated with Reason Financial, and Reason Financial ensures that updates to its Code of Ethics are communicated to each employee, affiliate, and supervised person whenever changes are made.

Reason Financial's Code of Ethics sets forth certain standards of conduct and address potential conflicts of interest among its employees, agents, advisors, and advisory Clients.

- Employees and advisory representatives shall comply with all applicable federal and state laws and all rules and regulations of any governmental agency or self-regulatory organization as well as our procedures governing his/her actions.
- Employees and advisory representatives shall comply with all laws and regulations, and our prohibition against insider trading.

Reason Financial: Firm Brochure

- Employees and advisory representatives shall have and maintain knowledge of and shall comply with the provisions of our Code of Ethics.
- Employees and advisory representatives shall report any known violations of our Code of Ethics.
- Employees and advisory representatives shall act in a manner consistent with their fiduciary obligation to our Clients and shall not deprive any Client account of an investment opportunity in order to personally benefit from that opportunity.
- Employees and advisory representatives shall not engage in an outside business activity for compensation without the knowledge and approval of our compliance department.
- Advisory representatives, in making investment recommendations or taking any investment actions, shall exercise diligence and thoroughness, and shall have a reasonable basis for any such recommendation.
- Advisory representatives shall not attempt to improperly influence for their own personal benefit any investment strategy to be followed or investment action to be taken by us for your accounts.
- Advisory representatives shall not attempt to improperly use, for their own personal benefit, any knowledge, whether obtained through the advisor's relationship with us or otherwise, of any investment recommendation made or to be made, or of any investment action taken or to be taken by us.
- Employees and advisory representatives shall not disclose any non-public information relating to your accounts' portfolio or transactions or to our investment recommendations, nor shall any employee or advisory representative disclose any non-public information relating to our business or operations unless properly authorized to do so.
- Employees and advisory representatives shall not accept, directly or indirectly, from another party who transacts business with us or your accounts, any gifts, gratuities or other items of more than de minimis value.

Reason Financial: Firm Brochure

- Employees and advisory representatives shall comply with the personal securities transactions provision of our Code of Ethics.
- Employees and advisory representatives shall not engage in short-swing trading or market timing.
- Employees and advisory representatives found to have violated the provisions of our Code of Ethics may be subject to sanctions up to and including restrictions on personal securities transactions, letters of reprimand, additional continuing education requirements, fines, suspension or termination.
- Employees and advisory representatives may also be required to disgorge any profits realized or losses avoided for transactions in securities that are inconsistent with the provisions of our Code of Ethics.
- Employees and advisory representatives found to have violated any of the insider trading provisions of our Code of Ethics may be subject to additional penalties under federal regulatory authorities including revocation of licenses and registrations, substantial monetary fines and/or imprisonment.

Reason Financial's Code of Ethics is made available to any Client or prospect upon request in writing to Reason Financial, PO Box 90487, San Diego, CA 92169 or by email to info@yourreason.com.

Generally, Reason Financial does not buy or sell securities for its own account that it recommends to (or purchases or sells for) Clients. Reason Financial's IARs however, may purchase or sell for their own accounts securities or other investment products that are also recommended to Clients, which may create a conflict of interest. Reason Financial always gives a higher priority to Client transactions than its own transactions. When Reason Financial or an IARs of Reason Financial recommends trades to Clients and Reason Financial, its IARs, or related persons also plan to buy or sell the same security, the Client is given the opportunity to decide on the recommendation and place a trade before Reason Financial, the IARs, or the related persons execute a trade in the same security. Should Reason Financial, the IARs, or a related person have a trade to place for a personal account along with trades to place for a Client account or accounts, the trades for Reason Financial, the IARs, or a related person are always placed after the trades for the Client. Reason Financial has implemented surveillance and exception reports through our broker-dealer that are designed to identify and correct situations in which the personal securities transactions of IARs are placed ahead of a Client's.

Reason Financial: Firm Brochure

Item 12 - Brokerage Practices

As previously stated, Advisory Representatives are registered representatives of 1st Global Capital Corp. As a result they are subject to FINRA Conduct Rule 3040 which restrict them from conducting securities transactions away from 1st Global Capital Corp., unless 1st Global Capital Corp. provides written authorization. Reason Financial is independently owned and operated and not affiliated with 1st Global Capital Corp.

Not all investment advisory firms require their Clients to direct brokerage through a specified broker-dealer. However, the services provided by Reason Financial will be limited to only advice and will not include implementation or asset management services if you select another brokerage firm for custodial and/or brokerage services. The execution cost and commissions may be higher or lower at 1st Global Capital Corp. and more favorable execution could be obtained from other broker-dealers. While our affiliated broker-dealer is able to negotiate competitive pricing with NFS that it believes is beneficial to Reason Financial Clients, Reason Financial does receive an economic benefit from using 1st Global Capital Corp. that it might not receive from another broker-dealer. 1st Global Capital Corp. provides Reason Financial and its IARs with technology, education, research and support services necessary to Reason Financial's practice. Reason Financial would not necessarily receive these benefits if using a different broker-dealer.

In initially selecting 1st Global Capital Corp., Reason Financial conducted due diligence. Reason Financial's evaluation and criteria includes:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to Reason Financial
- Availability of an efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information

Reason Financial: Firm Brochure

- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

1st Global Capital Corp. has a wide range of approved securities products for which 1st Global Capital Corp. performs due diligence prior to selection. 1st Global Capital Corp.'s registered representatives are required to adhere to these products when implementing securities transactions through 1st Global Capital Corp. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. 1st Global Capital Corp. also provides Advisory Representatives, and therefore the Reason Financial with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and Reason Financial manage and further develop its business enterprise.

1st Global Capital Corp. and its clearing broker/dealer, National Financial Services, LLC (NFS) also make available to Reason Financial other products and services that benefit Reason Financial but may not directly benefit you. Some of these other products and services assist Reason Financial with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of Reason Financial's fees from your accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Reason Financial's accounts, including accounts not held through 1st Global Capital Corp.

Aggregated Trades

From time to time Reason Financial will determine that the purchase or sale of a particular security is appropriate for multiple Client accounts within the same or multiple programs, based on a variety of reasons. At such time, Reason Financial will also determine that it is appropriate in the interest of efficient and effective execution to attempt to execute the trade orders as one or more block trades (i.e. aggregate the securities to be traded for each such account into one or more trade orders). This in turn gives rise to conflicts of interest between Client accounts where some accounts are unable to participate in the block trade, such as where the block trade order is only partially filled. In order to address these conflicts, Reason Financial has adopted the policies and procedures below, regarding the allocation of investment opportunities, securities, and block

Reason Financial: Firm Brochure

trades in order to provide an objective and equitable method of trade allocation, so that all Clients are treated fairly.

1. POLICY AND PROCEDURES

- Reason Financial will always allocate investment opportunities among Clients' accounts in a fair and equitable manner;
- Reason Financial will only aggregate Clients' trades if it believes that aggregation is in the best interests of its Clients;
- Reason Financial will strive to ensure that no single Client participating in the block trade would be favored over any other participating Client;
- Each Client that participates in a block trade will participate at the average share price; and
- All transactions costs will be pro rata based upon each account's participation in such blocked order.

The following procedures shall be in effect should any block trade not be filled in its entirety:

- Should a partial execution of a block trade occur and the amount of shares executed is less than a meaningful percentage of the total amount of shares of the trade, then Reason Financial will allocate the shares received either randomly among the Client accounts participating in the block trade or by selecting accounts starting from the top or bottom of the list of accounts;
- Should a partial execution of a block trade occur, any accounts for Reason Financial, its IARs, and associated or affiliated persons or their family members will be prohibited from receiving an allocation;
- Should a partial execution of a block trade occur and the amount of shares executed represents a meaningful percentage of the total amount of shares of the trade, then Reason Financial will allocate the executed shares proportionally among all Client accounts participating in the block trade.

Item 13 - Review of Accounts

Advisory activities are supervised in several ways and at various stages of the Client relationship by both Reason Financial and through Reason Financial's broker dealer, 1st Global Capital Corp.

Prior to implementation, paperwork is reviewed by Reason Financial staff to ensure the account is being established in accordance with Client's stated objectives and tolerance for risk. A subsequent Client account

Reason Financial: Firm Brochure

review may be triggered by material market, economic or political events; a change in Client's investment profile; a Client inquiry; or a change in tax law. Additionally, Reason Financial staff will periodically review Client accounts to identify situations that may call for a more detailed review, or for a specific action be taken on a Client's behalf.

Rebalancing of a Client's portfolio generally occurs when the asset class band is out of tolerance +/- 5%. Rebalancing may or may not be appropriate and will not occur when issues such as tax consequences, cash needs, or a 5% or greater variance from the target allocation are taken into consideration. Rebalancing is at Reason Financial's discretion.

Reason Financial also provides each Client with a detailed quarterly performance report describing account performance and positions.

In addition to the quarterly performance and position reports provided by Reason Financial, the custodian holding the Client accounts will send the Client trade confirmations for every trade that occurs within the Client's account; and periodic account statements, usually monthly but no less than quarterly, showing all transactions, fee deductions, positions and all deposits and withdrawals of principle and income for the account.

Clients should carefully review the account statements they receive from their account custodians. Clients should also compare any statements received from Reason Financial with statements received from the account custodians. Comparing statements will enable Clients to determine whether account transactions, including deductions to pay advisory fees, are proper.

Reason Financial's activities are also subject to review by the compliance officer at 1st Global Capital Corp. Reason Financial declines to sell any "proprietary investments" where Reason Financial will have any interest whatsoever other than as an investor. Reason Financial reviews all financial plans and performs various analyses determined to be relevant by Reason Financial, prior to any plan being presented to a Client. Financial plans and various analyses prepared by IARs are reviewed by Reason Financial before being presented to Client.

Reason Financial: Firm Brochure

Item 14 - Client Referrals and Other Compensation

Product vendors recommended by Reason Financial can provide monetary and non-monetary assistance with client events, provide educational tools and resources. Reason Financial does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. Reason Financial's due diligence of a product does not take into consideration any assistance it may receive.

1st Global Capital Corp. offers incentives to attend certain conferences based on achieving production thresholds. There is no requirement to sell a certain product or amount of a specific product. Qualification for trips and conferences is based on overall production and meeting the production levels determined by 1st Global Capital Corp. If the thresholds are satisfied, 1st Global Capital Corp. covers certain travel and conference costs. This is a conflict of interest. To mitigate this conflict of interest, this disclosure has been provided to you.

Reason Financial does not directly or indirectly compensate any person who is not a supervised person of Reason Financial for referrals.

Certain supervised persons of Reason Financial who are Advisory Representatives have a direct incentive to refer clients to Reason Financial because they share in the advisory fees charged and received by Reason Financial. Additionally, bonus or overall compensation for certain individuals is based on assets referred and managed by Reason Financial. This is a conflict of interest since Reason Financial's services could be higher or lower than other advisory programs. To mitigate this conflict of interest this disclosure is provided and clients are advised they have a choice of their investment adviser and services.

Item 15 - Custody

Reason Financial does not have actual or constructive custody of any Client accounts. Assets held in a Client's Account will be held by a custodian. National Financial Services, LLC is the primary custodian for Reason Financial Clients' accounts

National Financial Services, LLC, will maintain custody of the cash and securities in Client's Brokerage Account and will receive and credit to the Account all interest, dividends and other contributions that they receive for the Account. Checks for deposit into Client Accounts are payable to NFS, LLC. Clients are advised that Accounts are carried by National Financial Services LLC, Member NYSE/SIPC, 200 Liberty Street, New

Reason Financial: Firm Brochure

York City, NY, 10281. A separate Account is maintained for each Client under Client's name and Tax ID number.

In the event that Reason Financial should choose to use a new or an additional custodian for a Client's account, the Client shall be deemed to have approved any new or additional custodian, which will be a broker-dealer, bank or other financial institution authorized to maintain custody of such accounts, unless Client objects in writing to Reason Financial within 30 days of the date of such notice that Reason Financial intends to change Client's Custodian. If Client objects to the new custodian within the 30-day period for such objection, Reason Financial will terminate its services in accordance with the Termination provisions of the advisory services agreement.

The Custodian will provide Client with confirmation of purchases and sales in the Account; monthly statements showing activity in the Account, positions owned and month-end market value, unless there is no activity in Client's Account in which case these statements shall be delivered quarterly. Clients should carefully review these statements for completeness and accuracy. Statements, appraisals, and performance reports provided by Reason Financial should be compared to the statements provided by the Custodian.

Item 16 - Investment Discretion

Reason Financial Managed Account Clients will provide Reason Financial's IARs with Discretionary Trading Authorization.

Reason Financial's IARs will be authorized by the Client to exercise full discretionary authority with respect to how their assets are invested in the Reason Financial Portfolio. Such authority allows the Reason Financial to invest, sell, purchase, and/or exchange in those securities, cash, and/or other financial instruments that meet the investment guidelines, restrictions, and objectives as specified in the Client's Profile without prior consultation with the Client. These Investments may include, among other things: mutual funds; exchange-traded funds; variable insurance and annuity sub-accounts; equity securities (but does not include options); fixed income instruments (including bonds, CMOs, certificates of deposit and money market funds); and unit investment trusts.

Reason Financial's authority extends to the selection, implementation, on-going analysis of and advisement on, those investments for Client's Reason Financial Portfolio. The Client understands and acknowledges that

Reason Financial: Firm Brochure

such transactions in Client's advisory account generally do not generate any commissions to the Reason Financial's IARs (other than possibly 12b-1 income on mutual fund transactions). Consequently, Reason Financial will be compensated by an advisory fee, which shall be paid by Client on a quarterly basis, as compensation for the Reason Financial's efforts in managing Client's portfolio.

Reason Financial's IARs are authorized, in their sole discretion, to buy, sell or otherwise transact in those securities and investments which are or may be employed in the appropriate Reason Financial Portfolio that corresponds to the Client's original risk profile and strategy. Reason Financial will make every effort to ensure that the Client portfolio's risk exposure is not increased beyond those risk tolerances memorialized in the Client's Risk Profile and in accordance with the Client's investment guidelines, restrictions, and objectives communicated to Reason Financial in writing.

Item 17 - Voting Client Securities

As a matter of firm policy and practice, Reason Financial does not have any authority to, and does not, vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios.

Item 18 - Financial Information

Reason Financial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has never been the subject of a bankruptcy proceeding.

Reason Financial will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.



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This brochure provides information about the qualifications and Steven Pollock that supplements the Reason Financial brochure. You should receive a copy of that brochure. Please contact Reason Financial if you did not receive the Reason Financial brochure or if you have any questions about the contents of this supplement.

Reason Financial is a Registered Investment Adviser. Registration does not imply a certain level of skill or training.

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Additional information about Reason Financial also is available on the SEC's website at www.adviserinfo.sec.gov.

Part 2B of Form ADV: Brochure Supplement

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Item 2 - Educational Background and Business Experience

Steven Pollock - Investment Adviser Representative (IAR)

Year of birth: 1983

Education:

San Diego State University San Diego

Attended 9/1/2001 to 1/1/2006

Business Experience:

Rawdin-Baron Financial, Inc. San Diego CA

Title: Financial Advisor From 11/1/2010 to Present

1ST GLOBAL INSURANCE SERVICES, INC. SAN DIEGO CA

Title: INSURANCE AGENT

From 3/1/2007 to Present

1ST GLOBAL ADVISORS, INC. SAN DIEGO CA

Title: REGISTERED IAR

From 1/1/2007 to Present

1ST GLOBAL CAPITAL CORP SAN DIEGO CA

Title: FINANCIAL ADVISOR

From 8/1/2006 to Present

Armstrong Fisch & Tutoli San Diego Ca

Title: Financial Paraplanner From 6/1/2006 to 11/1/2010

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H&R Block La Mesa CA

Title: Tax Preparer

From 11/1/2005 to 4/1/2006

Wells Fargo San Diego CA Title: Teller

From 2/1/2004 to 12/31/2005

SP Business Solutions San Diego CA

Title: President

From 1/1/2004 to 1/1/2010

Red Point Wireless San Diego CA Title: Sales Rep

From 6/1/2003 to 9/1/2003

Advanced Fertility Center San Diego CA

Title: Admin Assistant From 9/1/2001 to 10/1/2003

Hope Depot Upland CA Title:

From 6/1/2001 to 9/1/2001

Item 3 – Disciplinary Information

There is no disciplinary information to disclose.

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Item 4 – Other Business Activities

REASON FINANCIAL is the entity through which I offer asset management and financial planning services. This entity is a registered investment adviser. I earn fees through this entity for providing advisory services.

1st Global Capital Corp. is the entity through which I offer brokerage services. This is a registered broker-dealer and member of FINRA/SIPC. I earn commissions through this entity by assisting my clients with the purchase and redemption of investment products.

In addition to being an investment adviser representative (IAR) of 1st Global Advisors, Inc. (Adviser), I am also a registered representative of Adviser's affiliated broker-dealer, 1st Global Capital Corp. As an IAR of Adviser, I offer various advising platforms and services to clients at no cost. These recommendations are implemented through the broker-dealer or Adviser.

When implemented through the broker-dealer, I, like other registered representatives of 1st Global Capital Corp., receive commissions from the sale of investment products, including the sale of mutual funds. Mutual funds assess charges and fees at the fund level, including fees for investment management services and 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. I, like other registered representatives, can receive all or a portion of these 12b-1 fees. Therefore, in the context of providing investment services in a commission based setting, the presence of these 12b-1 fees presents a conflict of interest because it may provide me with an incentive to recommend the investment products which include such fees.

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When implemented through the investment adviser, I, like other investment adviser representatives of 1st Global Advisors, Inc., do not receive commissions for the sale of investment products through our advisory platforms. Furthermore, all 12b-1 fees are retained by Adviser and not paid to me, or other investment adviser representatives, as additional compensation.

Apart from trades executed by third-party asset managers on 1st Global's Solicitor Referral Platform or some fixed income trades executed by money managers on the IMS Unified Choice Platform, I refer all trades to 1st Global Capital Corp., for execution. We execute trades through this affiliated broker-dealer in order to maximize trading efficiencies by utilizing a common custodian. In addition, pursuant to FINRA Rule 3040, registered representatives of 1st Global Capital Corp. are limited to executing transactions through their broker-dealer. Clients are advised that a conflict of interest exists because the broker-dealer receives compensation on the transactions.

Transaction fees may be charged for securities transactions executed through 1st Global Capital Corp. Transaction fees are necessary to process trades for accounts on our advisory platforms; they are not commissions.

I am also a principal or employee of my own or other's tax planning and preparation firm. The clients to whom I offer Adviser's advisory services frequently are the same to whom I offer accounting services. Accounting services involve a substantial amount of my time.

Item 6 - Supervision

The person responsible for supervising me is:

Steve Pollock

Advisory activities are supervised in several ways at various stages of the client relationship. Prior to implementation, the client's paperwork is reviewed to ensure the account is being established in

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accordance with the client's stated objectives and tolerance for risk. At implementation, all transactions are reviewed to ensure they are suitable given the client's investor profile. Subsequent transactions are reviewed through automated reports and/or manual reviews to ensure they are suitable. The account will be monitored on a periodic basis to ensure it is being managed in accordance with the client's stated objectives and tolerance for risk and has not drifted too far from the original asset allocation.

1st Global provides certain incentives to attend conferences where attendance and some of the cost are covered by 1st Global based on attaining certain production thresholds. This is a conflict of interest. Additionally, Reason Financial compensates certain of its supervised persons who are advisory representatives based on assets gathered and clients referred. Therefore, such person's pay is directly tied to them referring clients and assets to Reason Financial's advisory programs. This is a conflict of interest. To mitigate this conflict this disclosure is provided. Please refer to Reason Financial for ADV Part 2a Item client referrals and other compensation.



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Item 2 - Educational Background and Business Experience

Sean Storck - Investment Adviser Representative (IAR)

Year of birth: 1982

Education:

Robert P Ulrich Elementary School California City, CA

Attended 8/1/1989 to 6/1/1993

San Diego High School San Diego, CA

Attended 8/1/1998 to 6/1/2000

University of California San Diego San Diego, CA

Attended 4/1/2005 to 12/1/2007

Business Experience:

RAWDIN-BARON FINANCIAL, INC SAN DIEGO CA

Title: FINANCIAL AND TAX PLANNER

From 7/30/2012 to Present

1ST GLOBAL INSURANCE SERVICES SAN DIEGO CA

Title: INSURANCE AGENT

From 6/1/2007 to Present

1ST GLOBAL ADVISORS, INC. EL CAJON CA

Title: REGISTERED IAR

From 5/1/2006 to Present

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Horizon Planning San Diego CA

Title: Partner & Financial Advis From 5/1/2006 to 7/30/2012

1ST GLOBAL CAPITAL CORP. EL CAJON CA

Title: FINANCIAL ADVISOR

From 1/1/2006 to Present

Gronich Bookkeeping and Tax Service El Cajon CA

Title: Bookkeeper/Tax Preparer From 2/1/2001 to 5/31/2006

Item 3 – Disciplinary Information

There is no disciplinary information to disclose.

Item 4 – Other Business Activities

REASON FINANCIAL is the entity through which I offer asset management and financial planning services. This entity is a registered investment adviser. I earn fees through this entity for providing advisory services.

1st Global Capital Corp. is the entity through which I offer brokerage services. This is a registered broker-dealer and member of FINRA/SIPC. I earn commissions through this entity by assisting my clients with the purchase and redemption of investment products.

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In addition to being an investment adviser representative (IAR) of 1st Global Advisors, Inc. (Adviser), I am also a registered representative of Adviser's affiliated broker-dealer, 1st Global Capital Corp. As an IAR of Adviser, I offer various advising platforms and services to clients at no cost. These recommendations are implemented through the broker-dealer or Adviser.

When implemented through the broker-dealer, I, like other registered representatives of 1st Global Capital Corp., receive commissions from the sale of investment products, including the sale of mutual funds. Mutual funds assess charges and fees at the fund level, including fees for investment management services and 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. I, like other registered representatives, can receive all or a portion of these 12b-1 fees. Therefore, in the context of providing investment services in a commission based setting, the presence of these 12b-1 fees presents a conflict of interest because it may provide me with an incentive to recommend the investment products which include such fees.

When implemented through the investment adviser, I, like other investment adviser representatives of 1st Global Advisors, Inc., do not receive commissions for the sale of investment products through our advisory platforms. Furthermore, all 12b-1 fees are retained by Adviser and not paid to me, or other investment adviser representatives, as additional compensation.

Apart from trades executed by third-party asset managers on 1st Global's Solicitor Referral Platform or some fixed income trades executed by money managers on the IMS Unified Choice Platform, I refer all trades to 1st Global Capital Corp., for execution. We execute trades through this affiliated broker-dealer in order to maximize trading efficiencies by utilizing a common custodian. In addition, pursuant to FINRA Rule 3040, registered representatives of 1st Global Capital Corp. are limited to

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executing transactions through their broker-dealer. Clients are advised that a conflict of interest exists because the broker-dealer receives compensation on the transactions.

Transaction fees may be charged for securities transactions executed through 1st Global Capital Corp. Transaction fees are necessary to process trades for accounts on our advisory platforms; they are not commissions.

I am also a principal or employee of my own or other's tax planning and preparation firm. The clients to whom I offer Adviser's advisory services frequently are the same to whom I offer accounting services. Accounting services involve a substantial amount of my time.

Item 6 – Supervision

The person responsible for supervising me is:

Steve Pollock

Advisory activities are supervised in several ways at various stages of the client relationship. Prior to implementation, the client's paperwork is reviewed to ensure the account is being established in accordance with the client's stated objectives and tolerance for risk. At implementation, all transactions are reviewed to ensure they are suitable given the client's investor profile. Subsequent transactions are reviewed through automated reports and/or manual reviews to ensure they are suitable. The account will be monitored on a periodic basis to ensure it is being managed in accordance with the client's stated objectives and tolerance for risk and has not drifted too far from the original asset allocation.

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1st Global provides certain incentives to attend conferences where attendance and some of the cost are covered by 1st Global based on attaining certain production thresholds. This is a conflict of interest. Additionally, Reason Financial compensates certain of its supervised persons who are advisory representatives based on assets gathered and clients referred. Therefore, such person's pay is directly tied to them referring clients and assets to Reason Financial's advisory programs. This is a conflict of interest. To mitigate this conflict this disclosure is provided. Please refer to Reason Financial for ADV Part 2a Item client referrals and other compensation.



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This brochure provides information about the qualifications and Matthew Anderson that supplements the Reason Financial brochure. You should receive a copy of that brochure. Please contact Reason Financial if you did not receive the Reason Financial brochure or if you have any questions about the contents of this supplement.

Reason Financial is a Registered Investment Adviser. Registration does not imply a certain level of skill or training.

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Additional information about Reason Financial also is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 - Educational Background and Business Experience

Matthew Anderson - Investment Adviser Representative (IAR)

Year of birth: 1982

Education:

Murray Manor La Mesa, CA

Attended 8/1/1991 to 5/1/1993

Grossmont High School El Cajon, CA

Attended 8/1/1996 to 5/1/2000

San Diego State University San Diego, CA

Attended 8/1/2000 to 5/1/2005

Business Experience:

1st Global Advisors, Inc. San Diego CA

Title: Investment Adviser Rep From 12/2/2015 to Present

1st Global Capital Corp. San Diego CA

Title: Financial Advisor From 12/2/2015 to Present

1st Global Insurance Services, Inc. San Diego CA

Title: Insurance Agent From 12/2/2015 to Present

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Rawdin-Baron Financial, Inc. San Diego CA

Title: Financial Advisor From 12/2/2015 to Present

1st Global Advisors, Inc. Dallas TX

Title: Investment Adviser Rep From 6/1/2013 to 12/1/2015

1st Global Capital Corp. Dallas TX

Title: Wealth Mgmt Consultant From 6/1/2013 to 12/1/2015

Tuttle Wealth Management, LLC Stamford CT

Title: Investment Adviser Rep From 7/1/2012 to 5/31/2013

TD Ameritrade San Diego CA

Title: Investment Consultant From 3/1/2010 to 7/31/2012

UCSD Extension San Diego CA

Title: substitute teacher From 9/1/2009 to 12/1/2013

GWN Securities, Inc. Palm Beach Gardens FL

Title: Registered Representative From 11/1/2008 to 3/31/2010

Edward Jones St. Louis MO

Title: Investment Representative From 2/1/2006 to 11/30/2008

Nordstrom San Diego CA Title: sales

From 8/1/2004 to 2/28/2006

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Item 3 – Disciplinary Information

There is no disciplinary information to disclose.

Item 4 – Other Business Activities

REASON FINANCIAL is the entity through which I offer asset management and financial planning services. This entity is a registered investment adviser. I earn fees through this entity for providing advisory services.

1st Global Capital Corp. is the entity through which I offer brokerage services. This is a registered broker-dealer and member of FINRA/SIPC. I earn commissions through this entity by assisting my clients with the purchase and redemption of investment products.

In addition to being an investment adviser representative (IAR) of 1st Global Advisors, Inc. (Adviser), I am also a registered representative of Adviser's affiliated broker-dealer, 1st Global Capital Corp. As an IAR of Adviser, I offer various advising platforms and services to clients at no cost. These recommendations are implemented through the broker-dealer or Adviser.

When implemented through the broker-dealer, I, like other registered representatives of 1st Global Capital Corp., receive commissions from the sale of investment products, including the sale of mutual funds. Mutual funds assess charges and fees at the fund level, including fees for investment management services and 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the

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form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. I, like other registered representatives, can receive all or a portion of these 12b-1 fees. Therefore, in the context of providing investment services in a commission based setting, the presence of these 12b-1 fees presents a conflict of interest because it may provide me with an incentive to recommend the investment products which include such fees.

When implemented through the investment adviser, I, like other investment adviser representatives of 1st Global Advisors, Inc., do not receive commissions for the sale of investment products through our advisory platforms. Furthermore, all 12b-1 fees are retained by Adviser and not paid to me, or other investment adviser representatives, as additional compensation.

Apart from trades executed by third-party asset managers on 1st Global's Solicitor Referral Platform or some fixed income trades executed by money managers on the IMS Unified Choice Platform, I refer all trades to 1st Global Capital Corp., for execution. We execute trades through this affiliated broker-dealer in order to maximize trading efficiencies by utilizing a common custodian. In addition, pursuant to FINRA Rule 3040, registered representatives of 1st Global Capital Corp. are limited to executing transactions through their broker-dealer. Clients are advised that a conflict of interest exists because the broker-dealer receives compensation on the transactions.

Transaction fees may be charged for securities transactions executed through 1st Global Capital Corp. Transaction fees are necessary to process trades for accounts on our advisory platforms; they are not commissions.

I am also a principal or employee of my own or other's tax planning and preparation firm. The clients to whom I offer Adviser's advisory services frequently are the same to whom I offer accounting services. Accounting services involve a substantial amount of my time.

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Item 6 – Supervision

The person responsible for supervising me is:

Steve Pollock

Advisory activities are supervised in several ways at various stages of the client relationship. Prior to implementation, the client's paperwork is reviewed to ensure the account is being established in accordance with the client's stated objectives and tolerance for risk. At implementation, all transactions are reviewed to ensure they are suitable given the client's investor profile. Subsequent transactions are reviewed through automated reports and/or manual reviews to ensure they are suitable. The account will be monitored on a periodic basis to ensure it is being managed in accordance with the client's stated objectives and tolerance for risk and has not drifted too far from the original asset allocation.

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This brochure provides information about the qualifications and Nicole Albrecht that supplements the Reason Financial brochure. You should receive a copy of that brochure. Please contact Reason Financial if you did not receive the Reason Financial brochure or if you have any questions about the contents of this supplement.

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Item 2 - Educational Background and Business Experience

Nicole Albrecht - Investment Adviser Representative (IAR)

Year of birth: 1979

Education:

Chapman Hills Orange, California

Attended 9/1/1989 to 6/1/1992

Elsinore High School Elsinore, CA

Attended 9/1/1996 to 1/1/1997

CSUSM

San Marcos, CA

Attended 1/1/2003 to 1/1/2005

Business Experience:

1ST GLOBAL INSURANCE SERVICES, INC. TEMECULA CA

Title: INSURANCE AGENT

From 5/1/2008 to Present

1ST GLOBAL ADVISORS, INC. TEMECULA CA

Title: REGISTERED IAR

From 6/1/2007 to Present

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1ST GLOBAL CAPITAL CORP. TEMECULA CA

Title: FINANCIAL ADVISOR

From 5/1/2006 to Present

Financial Accounting Services, Inc. Temecula CA

Title: Accounts Manager From 2/1/2001 to Present

Texaco Temecula CA Title: Store Clerk

From 6/1/2000 to 2/1/2001

Item 3 – Disciplinary Information

There is no disciplinary information to disclose.

Item 4 – Other Business Activities

REASON FINANCIAL is the entity through which I offer asset management and financial planning services. This entity is a registered investment adviser. I earn fees through this entity for providing advisory services.

1st Global Capital Corp. is the entity through which I offer brokerage services. This is a registered broker- dealer and member of FINRA/SIPC. I earn commissions through this entity by assisting my clients with the purchase and redemption of investment products.

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executing transactions through their broker-dealer. Clients are advised that a conflict of interest exists because the broker-dealer receives compensation on the transactions.

Transaction fees may be charged for securities transactions executed through 1st Global Capital Corp. Transaction fees are necessary to process trades for accounts on our advisory platforms; they are not commissions.

I am also a principal or employee of my own or other's tax planning and preparation firm. The clients to whom I offer Adviser's advisory services frequently are the same to whom I offer accounting services. Accounting services involve a substantial amount of my time.

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