

**Firm Brochure  
(Part 2A & 2B of Form ADV)**

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**This brochure provides information about the qualifications and business practices of Pleasanton Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 925-846-3768, or by email at: advisors@pleasantonfinancial.com. The information in this brochure has not been approved or verified by the California Department of Corporations, or by any government sponsored securities authority. Registration does not imply a certain level of skill or training.**

**Additional information about Pleasanton Financial Advisors, LLC is also available on the Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Pleasanton Financial Advisors, LLC is 132160.**

**DATE  
March 29, 2012**

## **Item 2: Summary of Material Changes**

- The Assets Under Management section in Item 4 has been updated to reflect recent year-end data.

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## Item 4: Advisory Business

We provide financial planning and investment advisory services to individual clients, as well as trusts, endowments, qualified retirement plan sponsors, and business entities. The firm was established in 1996. We are only compensated by our clients and we sign a Fiduciary Oath to act in our clients best interest at all times.

Advice is provided through consultation with you and may include: determination of financial objectives, and identification of financial issues and their resolution by means of cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

We manage securities accounts on your behalf as an integral part of our financial advice. We have the authority to determine, without obtaining your specific consent, the securities to be bought or sold. We do not act as a custodian of your assets. You always maintain asset control. We place trades for you under a limited power of attorney.

We generally recommend no-load mutual funds with low annual expense ratios that cover a wide range of asset classes. At times we may recommend other low-cost investment solutions, such as exchange-traded funds, low cost bond funds, individual fixed income securities, and other products. For more on our investment philosophies, and the risks of our strategies and/or specific investments recommended, please refer to Item 8.

We actively seek to avoid, or at least minimize, conflicts of interest which may exist between our firm and you. We sell no products. We accept no commissions. However, all investment advisory firms will likely possess some unavoidable conflicts of interest. In those instances when conflicts of interest arise, we have adopted policies which seek to keep your best interests paramount at all times. See Items 5, 11 and 12 of this Brochure, and other items, which explore in further detail how we act to keep your best interests first at all times during the course of relationship with you.

## Our Firm's History

Pleasanton Financial Advisors was founded in 1996 by Gary Smith, PhD, CFP® with the objective of providing truly objective financial planning and investment advice. The firm has always operated on the belief that fee-only compensation and a fiduciary relationship are essential prerequisites for placing the interests of our client above all others. These founding principles are integral to the operations of the firm and the services we provide to you.

## Our Principal Owners

Gary Smith is the Chief Executive Officer of the firm. Gary Smith and his wife Margaret Smith jointly own a majority interest in the firm. Margaret Smith is not employed by the firm and is not a financial planning or investment professional. The remaining ownership interest

is held by current employees of the firm. The firm has an ownership transition plan in place which is discussed in the Business Continuity plan in Item 19.

## Types of Advisory Services

We provide personalized, integrated financial planning and investment management. All services are delivered under a single client agreement specifying the scope of services.

We furnish financial advice to you on matters not involving securities, such as cash flow, taxation issues, equity compensation, retirement planning, trust services that often include estate planning, and other financial planning matters that pertain to your personal situation. The elements of a financial plan are addressed over time through reports and conferences with you. Under certain instances we may jointly agree to an engagement involving investment-only services with limited or no financial planning.

We provide investment supervisory services, also known as asset management services; manage investment advisory accounts not involving investment supervisory services; and furnish investment advice through consultations. Advisory services are tailored to meet the needs of individual clients. While the same investment may be utilized by many clients, each investment portfolio is individually designed.

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

The following types of investments may also exist within your portfolio if they are held within the mutual funds and exchange-traded funds that we purchase: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (i.e., mutual funds shares), U.S. government securities, options contracts, futures contracts, and interests in partnerships.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a transaction fee for stock and bond trades. We do not receive any compensation, in any form, from mutual fund and brokerage companies.

We do not invest in wrap fee programs or manage assets for any wrap fee accounts.

We do not invest in Initial Public Offerings (IPOs).

## The Services Provided

- The benefits of Pleasanton Financial Advisors, LLC's ongoing research and analysis, which includes information gained from our ongoing study of macroeconomic conditions, the historical analysis of capital markets with a view toward estimating long-term returns of certain asset classes, scholarly research with regard to the deployment of capital in ways to reduce various risks relative to historical returns, the taxation of investments,

review of specific investments, and other matters affecting clients' investments and financial planning in general.

- Newsletters and other materials published by Pleasanton Financial Advisors, LLC.
- Development and implementation of an Investment Plan, including an Investment Policy Statement, which may thereafter be amended from time to time.
- When applicable, we furnish advice on financial planning topics that we believe are relevant to your circumstances on more than an occasional basis. We gather data about your goals and financial circumstances and develop a plan to achieve your goals over the course of several meetings which may occur over several calendar quarters. We communicate our findings through reports and discussion with you. We monitor and update the plan as appropriate for your circumstances.
- Quarterly reports of the client's investment portfolio.
- Portfolio Reviews and Rebalancing of the portfolio, for the assets held under advisement.
- Meetings held in our office or by phone provide an opportunity for updates on the following topics: investment performance, cash flow, tax planning and preparation, risk management, retirement planning, college planning, and estate planning.
- Access to a financial professional who is knowledgeable about your personal finances and is available for consultation as questions arise.
- We work with your other advisors, such as attorneys, accountants, and insurance agents to keep your financial plan on track.

### **Management of Conflicts of Interest between Clients**

Our relationship with you is non-exclusive; in other words, we provide investment advisory services and financial planning services to multiple clients. We seek to avoid situations in which one client's interest may conflict with the interest of another of our clients.

### **Assets Under Management**

As of December 31, 2011, we manage approximately \$79,592,000 in assets for 72 clients on a discretionary basis.

## Item 5: Fees and Compensation

We establish a fixed dollar fee which generally includes both financial planning and asset management which will be noted in our client agreement prior to engaging our services.

Investment management fees are billed on a calendar quarter, in advance, meaning that we invoice you or deduct fees from your account, usually within the first 10 days of the three-month billing period. The fixed dollar amount you pay remains unchanged unless we notify you of a change and you acknowledge the change. Payment in full is expected upon invoice presentation. Fees are usually deducted from an account designated by you to facilitate billing unless you notify us of other payment arrangements. You must consent in advance to direct debiting of your investment account through the financial institutional that we choose to act as your custodian.

You receive timely notice of the fees you pay in one or more of the following ways:

- Your signed client agreement which indicates a fixed fee amount.
- When you elect direct debiting of your investment account you will receive statements from the independent custodian which notates the amount of the fees for the reporting period. Additionally, the portfolio summary reports we provide to you will reflect the fee amount which has been deducted from your accounts.
- When fees are not directly debited from your investment account you may elect to receive an invoice to alert you of fees due.

## Cancellation and Termination of Agreements

You may cancel a new advisory agreement without penalty by providing written notice of such cancellation to us within five (5) business days of the date of signing the agreement. Thereafter, either party may terminate the agreement with a 14 day advance notice without penalty upon notice in writing to the other party. Upon the termination of the agreement, we will not possess any obligation to recommend or take any action with regard to the securities, cash, or other investments in your account.

## How Fees are Calculated

Fees charged to you are based on proprietary objective and subjective criteria which we believe to be a reasonable gauge of the time and effort we expect to incur while providing services to you. Individual client circumstances and our level of service vary significantly between clients, and therefore the fees we charge you are based on our assessment of your situation and our delivery of services to you. The fees you will pay are a fixed amount as identified in your client agreement and subsequent revisions to the agreement.



We, in our sole discretion, may charge a lesser advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with you, etc.).

### **Return of Unearned Fees upon Termination**

You may terminate your engagement of our firm during a quarter, for any reason, with 14 days advance notice. A refund of the unearned fees paid in advance of termination will be made based on our determination of the time and effort we expended on your behalf before termination. You will receive no refund if you terminate our services within the last month of a calendar quarter.

### **Other Fees or Expenses Paid in Connection with Our Services**

All fees paid to us for investment advisory and financial planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund expenses are generally described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee. In addition, mutual funds incur transaction costs and opportunity costs, which are not disclosed in the fund's prospectus or Statement of Additional Information, but which may be estimated.

You will incur transaction fees or commissions in connection with trading of mutual fund, ETF, individual stock and bonds (and/or principal mark-ups and mark-downs for principal trades), which are charged by the custodian (brokerage firm holding your assets for safekeeping). Mutual fund transaction fees charged by our recommended custodian, Fidelity Institutional Wealth Services, generally vary from \$24 to \$35 for each purchase and sale transaction. The transaction costs for stock and bond trades vary. Accordingly, the client should review both the fees charged by the funds (including transaction and opportunity costs within funds which are not included in a fund's annual expense ratio), the transaction fees charged by the custodian, as well as the fees charged by us, to fully understand the total amount of fees and costs paid by you, in connection with any recommended transaction. For a discussion of our practice in recommending brokers (custodians) to you and negotiating brokerage fees on your behalf, please see Item 12.

You may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. The range for these account termination fees is believed to range generally from \$0 to \$200 at present, but at times may be much higher. You should contact your custodians (brokerage firms, bank or trust company, etc.) to determine the amount of account termination fees which may be charged and deducted from your accounts for any existing accounts which may be transferred.

### **Comparable Services**

We believe that the charges and fees offered are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. You could invest in mutual funds

directly, without out services. In that case, you would not receive the various financial planning, tax planning and investment services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives, to undertake a disciplined approach to portfolio rebalancing while taking into account the tax ramifications of same, and to avoid ad hoc emotional reactions to shorter-term market events.

### **Management of Conflicts of Interest Relating to the Fees We Receive**

The firm receives 100% of its compensation from clients. The fees we charge clients are fixed by individual client agreements and are not directly tied to asset values. We believe this method of compensation reduces conflicts of interest by the fact that we receive no financial incentive from investment companies to recommend one investment over another.

Fixed fee compensation may conflict with a client's expectations since the advisor will be paid the same amount, irrespective of the amount of work actually performed. To counterbalance this conflict, our firm has adopted these policies:

- A management policy since our founding of growing our business through referrals from our current clients and professional contacts. Their satisfaction contributes to the growth of our business, which gives us an inducement to consistently provide superior service.

Ultimately no method of compensation can be viewed as completely without bias or conflict.

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

Our fees are not based on a share of the capital gains or capital appreciation of managed securities.

We do not use a performance-based fee structure because of the following potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to you.

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

We provide investment advice primarily to individuals and their families, including high net worth individuals, and trusts.

We also may provide investment advice to pension and profit sharing plans and plan participants as well as foundations and other institutions, and to business entities.

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

### **Methods of Analysis**

We provide the investment strategy and its implementation for all clients, utilizing a variety of securities or pooled investment vehicles (such as mutual funds). Our clients receive the benefit of our developed investment philosophies and strategies, research and due diligence, account monitoring, and personal financial planning recommendations.

We establish the overall investment strategies employed by the firm, review the brokerage firms we recommend to our clients, and approve of particular investments which may be used by advisors of the firm. The Investment Committee consists of three or four members of the staff, including at least two advisors who are Certified Financial Planner professionals.

Each of our clients receives a written Investment Policy Statement, which lists portfolio objectives and acceptable types of investments and specifies the strategic asset allocation that is our primary tool in controlling risks and striving to meet long-term personal financial goals.

Client portfolios are then periodically monitored, and changes are implemented when appropriate. A disciplined approach to rebalancing is employed in order to maintain asset class exposures within desired risk tolerances.

We generally utilize multiple asset classes as part of a client's portfolio, as diversification across asset classes has been shown to lead to smaller fluctuations in short-term returns and greater predictability of portfolio values over long periods of time. We allocate and diversify among various asset classes and then among individual investments, following the investment policy agreed to by each client.

### **Methods of Analysis; Sources of Information**

Our security analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic, market, and financial information, due diligence reviews, and specific investment analyses that clients may request. The main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers and periodicals. Prospectuses, statements of additional information, other issuer-prepared information, and data aggregation services are also utilized. Staff members also attend various investment and financial planning conferences, and conference calls and due diligence meetings with mutual fund companies.

### **Types of Investments**

Client portfolios typically consist of no-load stock and bond mutual funds and exchange traded funds (ETFs). We use both passively managed and actively managed mutual funds. The passively managed stock mutual funds offer broad diversification, and most are structured for low turnover, so as to reduce the transaction costs incurred by mutual funds and ETFs as they trade securities within the fund. Actively managed fund are used to capitalize on

perceived market inefficiencies or to gain exposure to a fund manager's strategy, and they generally have higher expense ratios than passively managed funds.

Client portfolios may also include some individual stocks or bonds or brokerage certificates of deposit, but these were generally part of the clients' investment holdings prior to becoming a client of Pleasanton Financial Advisors. Those holdings are evaluated in light of the desired investment policy objectives, and we may recommend a transition plan for those holdings.

Insurance products such as annuities and various types of life insurance products may also be evaluated. Recommendations may be undertaken for you to invest in low-cost, no-load (no commission) variable or fixed deferred or immediate annuities when appropriate to your circumstances and tax situation. More often, this occurs when you possess an existing high-cost variable annuity, and a rollover of the annuity is indicated rather than redemption for tax planning purposes, in order to seek to lower the total fees and costs paid by you and/or provide different investment choices. At times you may be advised to retain an existing annuity, previously purchased by you, or undertake partial or full surrenders of same (and/or tax-free exchanges), following an evaluation of the annuity contract, riders thereto, investment alternatives within the annuity and their fees and costs, including any surrender fees which may be imposed by the insurance company.

### **Risk of Loss, Generally**

Investing in stock or bond mutual funds involves a risk of loss that you should be prepared to bear. Prospectuses for those funds list the many types of risks to which each fund is subject. We encourage clients to become familiar with those risks, and we respond to client questions about risks in meetings with clients.

We use three strategies to manage risk on behalf of our clients: diversification, rebalancing to targets as needed, and use of non-correlated assets.

We seek to limit risk through diversification across broad asset classes, such as stocks and bonds. We further diversify within asset classes by using stock mutual funds that invest in companies of varying sizes that are domiciled in both the United States and foreign countries. For bond mutual funds, we use funds that focus on a single sector of the bond market, such as high-quality domestic bonds, and we use multi-sector bond funds that employ a variety of strategies to manage risk and increase return.

Rebalancing portfolios reduces risk by limiting exposure to an asset class to the ranges agreed upon in the Investment Policy Statement.

We use mutual funds that employ arbitrage or long-short investment strategies. These funds have historically shown low correlation to stock or bond mutual funds.

We do not believe that it is possible to eliminate all risks that may affect the ability of our clients to achieve goals. However, we follow a prudent approach that attempts to balance risk of loss with the need for exposure to risky assets in order to achieve goals.

## Cash Balances in Client Accounts

Cash in investment accounts are typically swept into the money market mutual fund accounts of the custodial institution (Fidelity). We discuss with clients, during review conferences and at other times, upcoming cash flow needs and seek to plan accordingly to meet those needs. Upon request, cash balances will be maintained for temporary or short-term purposes. For accounts that are not expected to provide cash for short-term needs, we may sometimes hold a modest amount of cash if we believe there will be opportunities to invest it at lower prices than currently are available.

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to your evaluation of us or our integrity in management of your investment portfolio.

We possess no legal or disciplinary events which, in the judgment of our Chief Compliance Officer, are required to be disclosed under the guidelines for such disclosure promulgated by the U.S. Securities and Exchange Commission

## Item 10: Other Financial Industry Activities and Affiliations

### Financial Industry Activities

We are not involved in any other financial industry activities.

### Affiliations

We have no arrangements that are material to our advisory business or you with any other entity.

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

We seek to avoid material conflicts of interest. Accordingly, neither our firm nor our team members receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians), mutual fund or insurance companies.

However, some additional services and non-direct monetary or other forms of compensation are offered and provided to us as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, our investment advisors and employees may be invited to attend educational conferences sponsored by such brokerage firms or custodians

or mutual fund companies. Other services may be provided as outlined below. We believe that the services and benefits actually provided to us by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to you. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

Although we believe that our business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriately any material conflicts of interest that may remain, you should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.

## Our Code of Ethics

We maintain a code of ethics that requires that all team members act with integrity, competence, dignity and in an ethical manner when dealing with the public, clients, prospective clients, employers and employees. We have the duty to place the interests of our clients first and to refrain from having outside interests that conflict with the interests of our clients. We will not disclose any nonpublic personal information about a client to any nonaffiliated third party without the client's express permission to do so. We are also obligated to maintain the security of client information, including information stored on computers. The code of ethics provides specific guidance in the areas of disclosure of conflicts of interest, acceptance of gifts, personal securities transactions, prohibited transactions, prohibition on insider trading and others. Failure of a team member to comply with the code of ethics may result in disciplinary action, including termination. We will provide a copy of our complete code of ethics to any client or prospective client upon request. We further adopted a detailed Code of Ethics expressing our commitment to ethical conduct, which is adopted by reference by us, and which is utilized to guide the personal conduct of our various team members. This detailed Code of Ethics describes our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information. A copy of the Code of Ethics is available to you upon request.

## Participation or Interest in Client Transactions and Personal Trading

Individuals associated with our firm may buy or sell securities for their personal accounts which are identical or different than those recommended to you. However, it is the expressed policy of our firm that no person employed by the firm shall prefer his or her own interest to yours. To supervise compliance with the Code of Ethics, we require that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) to provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer or his designee.

The Code of Ethics further includes our policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable Federal and State regulations governing

registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

## **Item 12: Brokerage Practices**

### **Use of Brokerage Firms (Custodians), Generally**

We utilize the services of Fidelity Institutional Wealth Services as a custodian for our client assets, who provides our team members with access to institutional trading and custody services, which are usually not be available to retail investors. Fidelity imposes no financial incentives or mandates that we invest client assets in Fidelity mutual funds in order to utilize their custodian services, which generally are available to independent investment advisors at no charge. However, not all independent investment advisors recommend that their clients utilize a particular custodian.

### **Discussion of Benefits to Adviser, to us as to Custodians**

The benefits provided by Fidelity include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of electronic duplicate client confirmations; (b) receipt of electronic duplicate statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poor's or other sources); (e) access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by Fidelity; (f) permitting us to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist us with its back-office functions, including recordkeeping and client reporting; and (g) conferences at which advisors and employees of our firms may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Participation in the custodians programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. Educational, research, or other services provided by custodians (i.e., Fidelity) or mutual fund companies may benefit all of our clients, or may benefit only some clients.

### **Our Recommendations of Brokerage Firms**

We generally recommend that clients utilize the services of Fidelity Institutional Wealth Services as a custodian for their assets, however we recognize that circumstances exist where clients must hold accounts with more than one custodian (such as employer retirement accounts). If other brokers (custodians) are utilized, we may not possess access to certain



mutual funds and other investments that are generally available only to institutional investors or which would require a significantly higher minimum initial investment, and commission rates paid or transaction fees paid may be higher than the fees negotiated by us.

While as a fiduciary, we endeavor to act in your best interests, our desire that you maintain much of your assets in accounts at Fidelity may be based in part on the benefit to our firms of the availability of some products and services (previously described) at no cost to us, or at reduced costs, and not solely on the nature, cost, or quality of custody and brokerage services provided by the brokers, and this may create a potential conflict of interest. You may, therefore pay higher transaction fees than those charged by other discount brokers. However, we have negotiated fees with the custodian we recommend, and we have selected the custodian for their generally low fees relative to another large custodian. Also, please note that we prefer to recommend custodians whom possess significant size and financial resources, for purposes of enhanced safety of your funds. For all of these reasons, the lowest cost custodian for you may not be recommended to you by us.

### **Soft Dollars**

We do not receive any soft dollar benefits from broker/dealers acting as custodian for your accounts. A soft dollar arrangement is one in which the investment manager directs the commission generated by the transaction towards a third party in exchange for services that are for the benefit of the client but are not client directed.

### **Order Aggregation**

We do not aggregate (combine) the trades of our clients because our individual portfolio management techniques often require the review of the tax implications associated with short-term and long-term holding periods when considering trades. A majority of client trades are mutual funds where trade aggregation does not garner any benefits.

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

Financial Advice with Discretionary Trading Authority (for retainer clients) entails continuous review of account assets and of market conditions, although a long-term approach is generally used. We monitor client accounts for significant deviations from a client-specific asset allocation outlined in a client approved Investment Policy Statement. Reviews are conducted at our discretion or by client request. Reviews may be initiated because of significant changes in market conditions and/or security values, recommended investment changes based upon our research, changes in client asset allocation, changes in cash flow, and/or circumstances or preferences unique to the client. Advisors perform all reviews and are assisted by PFA staff as needed.

Financial Planning without investment advisory service does not include any scheduled reviews or on-going reports beyond the services covered by the client agreement.



## Regular Reports

Retainer clients receive investment reports prepared quarterly unless our service agreement with a client specifies less frequent reports. Our reports show asset allocation, portfolio performance, and position performance. Clients receive standard account statements directly from investment companies and custodians.

Most clients also receive on-going financial planning advice, which may include reports, meetings, and/or discussions regarding goals, income, expenses, taxes, insurance, retirement planning, estate planning, college cost planning, and other topics applicable to the client's situation. The status of those areas of the financial plan is reported quarterly in a Financial Health Snapshot.

Non-retainer clients for whom we provide non-continuous financial planning and/or investment advice based on data gathered over a limited period of time generally receive a report only at the completion of service specified in the client agreement.

You are strongly encouraged to review the monthly or quarterly statements you receive from custodians. Despite the best efforts of any firm to safeguard client's assets, fraud could still occur. While we hope that you trust our firm and advisors, and we have never had an instance of theft of client funds, we believe it is nevertheless important for you to verify your investment holdings. Should you detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, you are asked to contact Mark Janer, Chief Compliance Officer, at 925-846-3768.

## Item 14: Payment for Client Referrals

### Incoming Referrals

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

### Referrals Out

We do not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### Other Compensation

We do not receive any commissions or referral fees for any recommendations we make to other professionals.

### **Item 15: Custody**

It is our policy to not accept custody of your securities. In other words, we are not granted access to your accounts which would enable us to withdraw or transfer or otherwise move funds or cash from any of your account(s) to our accounts or the account of any third party (other than for purposes of fee deductions). We will always utilize an independent custodian to hold your investments and you will never be asked to write an investment check payable to our firm.

However, with your consent, we may be provided with the authority to seek deduction of our fees from your accounts; this process generally is more efficient for both you and us, and there may be tax benefits for you to this method when fees can be paid from certain non-tax-deferred accounts.

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

We accept limited forms of discretion over your accounts, as follows, with your consent. Your grant of discretion is evidenced in the client services agreement signed by you, and is further evidenced to the custodian through a limited power of attorney contained in the custodian's account establishment form signed by you or a separate limited power of attorney document signed by you. We require that all clients appoint us as the client's agent and attorney-in-fact with respect to undertaking trades in client accounts; discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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

As a matter of firm policy and practice, we do not accept authority to vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. Generally, you will receive their proxies or other solicitations directly from the custodian or transfer agent. However, you may call or e-mail us with questions regarding a particular proxy or other solicitation, and we may provide advice to you regarding your voting of proxies or such solicitations, upon your request.

You should note that we will not advise nor act on your behalf in legal proceedings involving companies whose securities are held or previously were held in the your account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

### **Item 18: Financial Information**

We do not require the prepayment of more than \$500 in fees per client, six months or more in advance. Generally, we only require the prepayment of fees for more than one calendar quarter when a client first signs the client services agreement. This prepayment will not exceed a period of six months (two full calendar quarters), and generally only requires

payment for the remaining days in the current calendar quarter and the fee for the next full calendar quarter.

We do not have any financial impairment that will preclude the firm from meeting contractual commitments to you.

## **Item 19: Requirements for State Registered Advisors**

All principal executive officers and management persons are described in ADV Part 2 B attached.

We are not actively engaged in any other business.

We do not receive any performance based compensation.

No disclosure events have occurred.

## **California Disclosures**

The California Code of Regulations imposes two notice requirements upon financial advisers: (a.) lower cost comparable services may be available from others, and (b.) the possibility exists for a conflict of interest between Client interests and ours. Clients are under no obligation to purchase advice or services from us.

## **Business Continuity Plan**

### **General**

We maintain a Business Continuity Plan that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Business Continuity Plan covers natural and manmade disasters. Electronic files are backed up daily and archived offsite.

### **Alternate Offices**

An alternate office has been identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact you within five days of a disaster that dictates moving our office to an alternate location.

### **Loss of Key Personnel**

Our staff includes 4 highly qualified and experienced Certified Financial Planning professionals, which we believe to be a key strength in providing on-going financial advisory services to you. We assign at least two advisors to your case. This means more than one professional is familiar with your circumstances and can provide on-going services should the other team member be unavailable. Additionally, legal documents are in place to provide for

the smooth and orderly transition of the ownership of the business in the event of the unexpected death of the majority owner.

### Information Security Program

We maintain an information security program to reduce the risk that your personal and confidential information may be breached.

## Privacy Notice

We are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information will be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver our Privacy Policy to you annually, in writing.

## Brochure Supplement (Part 2 B of Form ADV)

### Education and Business Standards

We maintain high professional standards for our employees. Advisors are required to be CERTIFIED FINANCIAL PLANNER™ Professionals, and often have previously been engaged in and/or demonstrated competence in areas of taxation, mutual fund analysis, and other areas of financial planning. Where required by regulation, advisors and para-planners have passed the appropriate securities exam to qualify as Investment Advisor Representatives.

All advisors are members of NAPFA, a professional organization of fee-only financial advisors.

### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

**Certified Financial Planner (CFP®):** Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

**Chartered Mutual Fund Counselor (CMFC)** CMFC's are licensed by the College for Financial Planning to use the CMFC mark. CMFC certification requirements:

- Self-study course (9 modules requiring 72-90 hours)
- Final Designation Examination
- Completion of continuing education requirements

## **Gary Smith, PhD, CFP®**

### **Educational Background:**

- \* Year of birth: 1948
- \* Institutions
  - Certificate in Personal Financial Planning, University of California, 1996
  - PhD/Physics Degree, University of California Berkeley, 1977
  - BA/Physics Degree, Oberlin College, 1970

### **Business Experience:**

Pleasanton Financial Advisors, Pleasanton, CA, Owner 7/96 - present  
Lawrence Livermore National Laboratory, Livermore, CA, Physicist 6/77 - 9/96

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

### **Supervision:**

Gary Smith is supervised by Gary Smith. He is subject to the same oversight and supervision as other members of the firm. Our team environment ensures that all advisors and their professional activities are open to review by other advisors in the firm.

Gary Smith is the President of Pleasanton Financial Advisors.

Investment decisions and portfolio activity is reviewed as a team by all supervised persons listed in this Group Brochure Supplement.

SUPERVISOR: Gary Smith

PHONE: 925-846-3768

EMAIL: advisors@pleasantonfinancial.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **Mark Janer, MBA, CFP®**

### **Educational Background:**

- \* Year of birth: 1955
- \* Institutions
  - Certificate in Personal Financial Planning, University of California, 1996
  - MBA Degree, Ohio State University, 1988
  - BS Degree, Ohio State University, 1981

### **Business Experience:**

Pleasanton Financial Advisors, Pleasanton, CA, Financial Planner 10/01 - present  
Merrill Lynch, Investment Advisor Representative 12/00 - 9/01

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

### **Supervision:**

Mark Janer is supervised by Gary Smith. He reviews Mark Janer's work through frequent office interactions as well as remote interactions. He also reviews Mark Janer's activities through our client relationship management system.

Mark JANER as Chief Compliance Officer is responsible to provide supervisory oversight to the team, however, Mark Janer also participates as a team member in the investment and trading processes. Mark Janer may be contacted at the phone number as shown on the cover page.

SUPERVISOR: Gary Smith, President

PHONE: 925-846-3768

EMAIL: [advisors@pleasantonfinancial.com](mailto:advisors@pleasantonfinancial.com)

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **Bronwyn Shone, MFA, CFP®**

### **Educational Background:**

- \* Year of birth: 1969
- \* Institutions
  - Certificate in Personal Financial Planning, American College, 2007
  - MFA Degree, Colorado State University, 1998
  - BA Degree, University of Arizona, 1991

### **Business Experience:**

Pleasanton Financial Advisors, Pleasanton, CA, Advisor 01/08 - present  
Pleasanton Financial Advisors, Pleasanton, CA, Paraplanner 01/05 - 01/08  
Small Business Consultant 10/03 - 01/06

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

### **Supervision:**

Bronwyn Shone is supervised by Gary Smith or Mark Janer. They review her work through frequent office interactions as well as remote interactions. They also review her activities through our client relationship management system.

SUPERVISOR: Gary Smith or Mark Janer

PHONE: 925-846-3768

EMAIL: [advisors@pleasantonfinancial.com](mailto:advisors@pleasantonfinancial.com)

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None



**Richard Gross, MBA, CMFC®, CFP®**

**Educational Background:**

- \* Year of birth: 1955
- \* Institutions
  - Certificate in Personal Financial Planning, University of California, 2007
  - Chartered Mutual Fund Counselor, College of Financial Planning, 2007
  - MS Degree, Holy Names College, 1994
  - MBA, Pepperdine University, 1985
  - BS Degree, University of Buffalo, 1977

**Business Experience:**

Pleasanton Financial Advisors, Paraplanner, 12/05 to present  
Westaff, Senior Vice President, 10/02/7/05  
Spherion, Walnut Creek, CA, Group Vice President, 11/00-7/02

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:**

Richard Gross is supervised by Gary Smith or Mark Janer. They review his work through frequent office interactions as well as remote interactions. They also review his activities through our client relationship management system.

SUPERVISOR: Gary Smith or Mark Janer

PHONE: 925-846-3768

EMAIL: advisors@pleasantonfinancial.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **Madeline Valente Brown**

### **Educational Background:**

- \* Year of birth: 1972
- \* Institutions
  - Certificate in Personal Financial Planning, University of California, 2003
  - BA Degree, University of California Davis, 1994

### **Business Experience:**

Pleasanton Financial Advisors, Paraplanner, 12/05 to present  
PeopleSoft, Project Manager/Product Manager, 08/99-06/01

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

### **Supervision:**

Madeline Valente Brown is supervised by Gary Smith or Mark Janer or Bronwyn Shone. They review her work through frequent office interactions as well as remote interactions. They also review her activities through our client relationship management system.

SUPERVISOR: Gary Smith or Mark Janer

PHONE: 925-846-3768

EMAIL: advisors@pleasantonfinancial.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None