



# PENNIALL & ASSOCIATES, INC.

Item 1 – Cover Page

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[WWW.PENNIALL.COM](http://WWW.PENNIALL.COM)

July 21, 2014

This Brochure provides information about the qualifications and business practices of PENNIALL & ASSOCIATES, INC., herein after referred to as “P&A” or “ADVISER”. If you have any questions about the contents of this Brochure, please contact us at 626-795-3062 and/or [crw@penniall.com](mailto:crw@penniall.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.

P&A is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about P&A also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

Material changes since last annual amendment on January 15, 2013:

1. P&A will no longer offer the TL Focus Funds (collective investment funds managed by P&A) as an investment option for retirement plan clients
2. P&A is offering a new investment program, the Managed Asset Portfolios (MAP), as described in Item 4.
3. Penniall is offering a new investment program, the Discount Purchase Program (DPP), as described in Item 4.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Steven Levin, Chief Compliance Officer at 626-795-3062 or [crw@penniall.com](mailto:crw@penniall.com). Our Brochure is also available free of charge on our web site [WWW.PENNIALL.COM](http://WWW.PENNIALL.COM).

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

### **Item 3 - Table of Contents**

<b>Item 1 –Cover Page .....</b>	<b>i</b>
<b>Item 2 – Material Changes .....</b>	<b>ii</b>
<b>Item 3 – Table of Contents .....</b>	<b>iii</b>
<b>Item 4 - Advisory Business .....</b>	<b>1</b>
<b>Item 5 - Fees and Compensation .....</b>	<b>4</b>
<b>Item 6 - Performance-Based Fees and Side-By-Side Management .....</b>	<b>6</b>
<b>Item 7 - Types of Clients .....</b>	<b>6</b>
<b>Item 8 - Methods of Analysis .....</b>	<b>6</b>
<b>Item 9 - Disciplinary Information .....</b>	<b>8</b>
<b>Item 10 - Other Financial Industry Activities and Affiliations .....</b>	<b>8</b>
<b>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>9</b>
<b>Item 12 - Brokerage Practices .....</b>	<b>10</b>
<b>Item 13 - Review of Accounts .....</b>	<b>11</b>
<b>Item 14 - Client Referrals and Other Compensation .....</b>	<b>11</b>
<b>Item 15 - Custody .....</b>	<b>12</b>
<b>Item 16 - Investment Discretion .....</b>	<b>12</b>
<b>Item 17 - Voting Client Securities .....</b>	<b>12</b>
<b>Item 18 - Financial Information .....</b>	<b>13</b>
<b>Brochure Supplement .....</b>	<b>14</b>

## **Item 4 - Advisory Business**

Penniall & Associates, Inc. (hereinafter "P&A" or the "firm") was established in May, 2002. David R. Penniall, Chief Executive Officer is the primary owner of P&A.

P&A is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. This Brochure is offered to potential and existing clients to provide an understanding of the services the firm provides, potential conflicts of interest and the experience and education of certain P&A personnel. Individuals associated with P&A will be involved with providing services to the firm's clients. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of P&A and are known as Investment Adviser Representatives ("IARs").

Please contact Steven Levin, Chief Compliance Officer, if you have any questions about this Brochure. Additional information about P&A is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for P&A is 148282.

P&A advisory business includes financial consulting services, asset management programs and advisory services to retirement plans and plan participants.

### **I. Wealth Management Services**

#### **a. Consulting Services/Financial Planning**

Financial Planning services include: defining goals, needs and objectives; gathering and providing appropriate data; determining the results if no changes are made to the client/prospect's current course of action; determining recommendations and possible changes to the current course of action; determining implementation responsibilities; and determining monitoring responsibilities.

CFP® certificants acknowledge their responsibility to adhere to the standards established in the CFP Board's Standards of Professional Conduct, including the duty of care of a fiduciary, as defined by the CFP Board. The client is encouraged to review the information contained in this disclosure brochure and ask the certificant any questions they may have. Should any material changes occur to this information, updated information will be provided in a reasonable time frame. If you become aware that our conduct may violate the Standards, you may file a complaint with the CFP Board at [www.CFP.net/complaint](http://www.CFP.net/complaint).

#### **b. The Penniall Portfolios**

P&A provides discretionary and non-discretionary portfolio management services to clients through the Penniall Portfolios ("the Program"). The Program is provided through brokerage and custodial relationships maintained with TD Ameritrade ("TDA").

P&A offers the Program to clients whose Investment Strategy (as defined below) can be implemented through the use of one of P&A's proprietary asset allocation model portfolios ("Model Portfolios") comprised of load waived and no-load mutual funds, exchange traded funds ("ETFs"), and other equity and debt securities. The Model Portfolio recommended to the client will be based upon their stated risk tolerance, time horizon, investment objectives, (i.e., preservation of capital, conservative, balanced, growth and aggressive growth) and other relevant information provided by the client (collectively, "Financial Data") and be subject to any reasonable written restrictions or guidelines that the client may provide and P&A may agree to.

When opening a Program Account, a P&A IAR will obtain Financial Data from the client, assist in the selection of suitable investment objectives and base the investment strategy on the most current Financial Data, specific goals and situation of the client ("Investment Strategy"). P&A will generally construct a portfolio for the client in their account maintained with TDA ("Account") based on one of P&A's proprietary Model Portfolios. A P&A IAR will contact the client periodically to review the client's financial situation and investment goals to determine whether changes to the Investment Strategy are warranted. Clients are advised to contact P&A whenever their Financial Data changes or they want to impose and/or modify any reasonable restrictions on their Account.

Clients may direct P&A to maintain certain security positions in an Account, but such securities will not be managed by P&A or considered when managing a Model Portfolio for a client ("Non-managed Securities"). P&A will not have discretionary authority over the Non-managed Securities and will not charge an investment advisory fee on the Non-managed Securities.

Once the client has approved a specific Model Portfolio for their Account, P&A will generally be granted discretionary authority to manage the client's Account and perform various functions without further approval from the client. Such functions include: (i) the determination of securities to be purchased/sold and the amount of securities to be purchased/sold in the client's Account; (ii) the ability to rebalance the securities in the Account according to the parameters of the Model Portfolio; (iii) selling and purchasing securities in the Account to harvest tax losses, if deemed appropriate under the circumstances; and (iv) selling securities and/or maintaining a cash balance in the Account to cover (1) margin calls, (2) debit balances, (3) checks drawn on the Account by the client,

and (4) other fees reasonably expected to be incurred in connection with the Account or managing the Account, including P&A's investment advisory fees. For non-discretionary accounts, P&A will contact the client prior to executing any transactions.

Adviser may (but is not obligated to) combine or "batch" orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Adviser's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and transaction costs and will be allocated among Adviser's clients in proportion to the purchase and sale orders placed for each client account on any given day. If Adviser cannot obtain execution of all the combined orders at prices or for transactions costs that Adviser believes are desirable, Adviser will allocate the securities Adviser does buy or sell as part of the combined orders on a pro rata basis.

TDA will provide all custodial and clearing services for Program Accounts as well as provide certain software and technology services for a fee. Fees for services performed by TDA may be charged separate and in addition to P&A's investment advisory fees or may be bundled into a single combined fee, as discussed in more detail below. In no event will P&A accept or maintain custody of the client funds or securities.

Each Client with a Program Account will receive confirmation of every transaction within the account and monthly statements directly from TDA for any month in which there was account activity. Detailed quarterly performance reports may also be provided to clients directly from P&A.

#### **c. 7Twelve Asset Allocation Model**

P&A offers the 7Twelve Asset Allocation Model portfolio which utilizes 12 separate mutual funds or exchange traded funds to fully represent 7 core asset classes. This portfolio has approximately a 65/35 allocation, with 65% invested in equity and diversifying assets and 35% invested in bonds and cash.

TDA will provide all custodial and clearing services for the 7Twelve Asset Allocation Model accounts as well as provide certain software and technology services for a fee. Fees for services performed by TDA may be charged separate and in addition to P&A's investment advisory fees or may be bundled into a single combined fee, as discussed in more detail below. In no event will P&A accept or maintain custody of the client funds or securities.

Each Client with a 7Twelve Asset Allocation Model account will receive confirmation of every transaction within the account and monthly statements directly from TDA for any month in which there was account activity. Detailed quarterly performance reports may also be provided to clients directly from P&A.

#### **d. Managed Asset Portfolios (MAP)**

P&A provides discretionary portfolio management services to clients through the Managed Asset Portfolios Program ("MAP Program" or "Program"). The MAP Program is provided through brokerage and custodial relationships maintained with TD Ameritrade ("TDA")

The MAP Program will invest in load waived and no-load mutual funds, exchange traded funds ("ETFs"), and other equity and debt securities. The percentage of a client's assets recommended to be invested in the MAP Program will be based upon their stated risk tolerance, time horizon, investment objectives, and other relevant information provided by the client (collectively, "Financial Data") and be subject to any reasonable written restrictions or guidelines that the client may provide and P&A may agree to.

When opening a MAP Program Account, P&A will obtain Financial Data from the client, assist in the selection of suitable investment objectives and base the investment strategy on the most current Financial Data, specific goals and situation of the client ("Investment Strategy"). P&A will contact the client periodically to review the client's financial situation and investment goals to determine whether changes to the Investment Strategy are warranted. Clients are advised to contact P&A whenever their Financial Data changes or they want to impose and/or modify any reasonable restrictions on their Account.

Clients may direct P&A to maintain certain security positions in an Account, but such securities will not be managed by P&A or considered when managing the MAP Program for a client ("Non-managed Securities"). P&A will not have discretionary authority over the Non-managed Securities.

P&A will generally be granted discretionary authority to manage the client's Account and perform various functions without further approval from the client. Such functions include: (i) the determination of securities to be purchased/sold and the amount of securities to be purchased/sold in the client's Account; (ii) the ability to rebalance the securities in the Account according to the parameters of the Model Portfolio; (iii) selling and purchasing securities in the Account to harvest tax losses, if deemed appropriate under the circumstances; and (iv) selling securities and/or maintaining a cash balance in the Account to cover (1) margin calls, (2) debit balances, (3) checks drawn on the Account by the client, and (4) other fees reasonably expected to be incurred in connection with the Account or

managing the Account, including P&A's investment advisory fees. For non-discretionary accounts, P&A will contact the client prior to executing any transactions.

Adviser may (but is not obligated to) combine or "batch" orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Adviser's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and transaction costs and will be allocated among Adviser's clients in proportion to the purchase and sale orders placed for each client account on any given day. If Adviser cannot obtain execution of all the combined orders at prices or for transactions costs that Adviser believes are desirable, Adviser will allocate the securities Adviser does buy or sell as part of the combined orders on a pro rata basis.

TDA will provide all custodial and clearing services for MAP Program Accounts as well as provide certain software and technology services for a fee. Fees for services performed by TDA may be charged separate and in addition to P&A's investment advisory fees or may be bundled into a single combined fee, as discussed in more detail below. In no event will P&A accept or maintain custody of the client funds or securities.

Each Client with a MAP Program Account will receive confirmation of every transaction within the account and monthly statements directly from TDA for any month in which there was account activity. Detailed quarterly performance reports may also be provided to clients directly from P&A.

#### **e. Discount Purchase Program**

P&A provides discretionary portfolio management services to clients through the Discount Purchase Program ("DPP"). The DPP is provided through brokerage and custodial relationships maintained with TD Ameritrade ("TDA.")

The DPP will invest in closed-end funds (CEFs), a type of investment company traded on the exchanges. A unique feature of CEFs is the price is determined by supply and demand and often the price differs from the fund's net asset value (liquidating value). In situations where the CEF price is trading less than the net asset value, the price is "at a discount" to the net asset value. The DPP attempts to invest in CEFs trading at a discount and thus the name of the program – The Discount Purchase Program.

There are three variants of the DPP, each with a targeted yield (7%, 8% or 9%), and in addition, P&A may create custom portfolios. Typically the DPP will invest in a diversified portfolio of equities and high-yield bond CEFs, some of which may employ leverage.

The percentage of a client's assets recommended to be invested in the DPP will be based upon their stated risk tolerance, time horizon, investment objectives, and other relevant information provided by the client (collectively, "Financial Data") and be subject to any reasonable written restrictions or guidelines that the client may provide and P&A may agree to.

When opening a DPP Account, P&A will obtain Financial Data from the client, assist in the selection of suitable investment objectives and base the investment strategy on the most current Financial Data, specific goals and situation of the client ("Investment Strategy"). P&A will contact the client periodically to review the client's financial situation and investment goals to determine whether changes to the Investment Strategy are warranted. Clients are advised to contact P&A whenever their Financial Data changes or they want to impose and/or modify any reasonable restrictions on their Account.

Clients may direct P&A to maintain certain security positions in an Account, but such securities will not be managed by P&A or considered when managing the DPP for a client ("Non-managed Securities"). P&A will not have discretionary authority over the Non-managed Securities.

P&A will generally be granted discretionary authority to manage the client's Account and perform various functions without further approval from the client. Such functions include: (i) the determination of securities to be purchased/sold and the amount of securities to be purchased/sold in the client's Account; (ii) the ability to rebalance the securities in the Account according to the parameters of the Model Portfolio; (iii) selling and purchasing securities in the Account to harvest tax losses, if deemed appropriate under the circumstances; and (iv) selling securities and/or maintaining a cash balance in the Account to cover (1) margin calls, (2) debit balances, (3) checks drawn on the Account by the client, and (4) other fees reasonably expected to be incurred in connection with the Account or managing the Account, including P&A's investment advisory fees. For non-discretionary accounts, P&A will contact the client prior to executing any transactions.

Adviser may (but is not obligated to) combine or "batch" orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Adviser's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and transaction costs and will be allocated among Adviser's clients in proportion to the purchase and sale orders placed for each client account on any given day. If Adviser cannot obtain execution of all the combined orders at prices or for transactions costs that Adviser believes are desirable, Adviser will allocate the securities Adviser does buy or sell as part of the combined orders on a pro rata basis.

TDA will provide all custodial and clearing services for the DPP Accounts as well as provide certain software and technology services for a fee. Fees for services performed by TDA may be charged separate and in addition to P&A's investment advisory fees or may be bundled into a single combined fee, as discussed in more detail below. In no event will P&A accept or maintain custody of the client funds or securities.

Each Client with a DPP Account will receive confirmation of every transaction within the account and monthly statements directly from TDA for any month in which there was account activity. Detailed quarterly performance reports may also be provided to clients directly from P&A.

#### **f. Multi-Family Office Services**

P&A offers multi-family office services which include financial planning, asset management, insurance, tax and estate planning and concierge services. P&A may receive compensation for performing or referring clients for these services. Fees for these services may be charged separately.

### **II. Advisory Services To Retirement Plans And Plan Participants**

P&A offers various levels of advisory and consulting services to employee benefit plans and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors ("Plan Sponsors") in meeting their management and fiduciary obligations to the Participants under the Employee Retirement Income Securities Act ("ERISA") and the Pension Protection Act of 2006 ("PPA"). Generally, investment advice provided to Plan Sponsors and Participants is regulated under ERISA and the PPA. P&A will provide services to Plan Sponsors and their Participants as described below. Plan Sponsors must make the ultimate decision to retain P&A for pension consulting and other advisory services including, but not limited to, services at the participant level. The Plan Sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan.

#### **A. Standard Services**

##### **1. ERISA Non-Fiduciary Services**

**a) Education Services to Plan Committee** – P&A will provide training for the members of the Plan Committee (or those designated by the Responsible Plan Fiduciary) with regard to their service on the Committee, including guidance with respect to fiduciary duties, at times mutually agreeable to the parties. P&A will not render individualized investment advice and will not be held to an ERISA fiduciary standard for services rendered hereunder.

**b) Participant Education Services** – P&A will conduct initial and/or periodic enrollment and informational meetings with employees and Participants and provide investment education. In accordance with the Department of Labor's Interpretative Bulletin 96-1, P&A may provide information about the Plan, general financial and investment information and materials relating to asset allocation models available through the Plan. P&A may also provide interactive investment materials to assist Participants in assessing their future retirement income needs and the impact of different asset allocations on retirement income.

**c) Third Party Product or Service** – P&A will use the benchmarking product or service offered by Fiduciary Benchmarks, Inc. in providing services to Client and the Plan, in addition to any Services selected herein. P&A will not render individualized investment advice and will not be held to an ERISA fiduciary standard for services rendered hereunder.

**d) Plan Search Support** – P&A will manage the preparation, distribution and evaluation of Request For Proposals, finalist interviews and conversion support. P&A will not render individualized investment advice and will not be held to an ERISA fiduciary standard for services rendered hereunder.

##### **2. ERISA Non-Discretionary Fiduciary Services**

**a) Investment Policy Statement** – P&A will assist the Client in developing a formal, written Investment Policy Statement ("IPS") or it may review and recommend amendments to the Client relating to the existing IPS. The IPS may contain the standards and processes for selecting and monitoring Plan investments and will set forth the number of general investment options and asset class categories to be offered to Plan participants with a goal of providing a menu of investments that will allow for the creation of well-diversified portfolios through a mix of equity and fixed income exposures. The IPS is subject to the final approval of Client, and P&A does not guarantee that Client will achieve the investment objectives in the IPS.

**b) Investment Recommendations & Performance Monitoring** - Unless the Client elects Additional Services below, P&A will perform the following Non-Discretionary Fiduciary Service as an ERISA fiduciary. P&A will review the investment options available through the Plan and will provide recommendations to the Client to assist the Client in selecting the “core” investments to be offered to Plan participants, including the Plan’s QDIA’s if applicable, that meet the criteria set forth in the Plan’s investment policy statement (“IPS”) that has been approved by the Client. P&A will provide reports on a regular basis that are designed to assist the Client in monitoring the core investment options and may provide recommendations to assist the Client in removing and replacing investments that no longer meet the IPS criteria.

**c) Selection of Qualified Default Investment Alternative (QDIA)** – P&A will recommend to Client an investment fund product or model portfolio meeting the definition of a QDIA in ERISA Regulation 2550.404c-5(e)(3). The QDIA shall be reflected in the IPS. Client retains the sole responsibility to provide all required notices to Participants as required under ERISA section 404(c)(5). P&A makes no representations that the Plan will otherwise be compliant with section 404(c).

*For ERISA Non-Discretionary Fiduciary Services rendered hereunder, Penniall acknowledges that it will be acting as a fiduciary to the plan pursuant to ERISA and the Investment Advisers Act of 1940.*

## **B. Additional Services**

### **1. Fiduciary Protection Program™**

**a) Discretionary Investment Management Services** – P&A shall have discretionary investment authority to direct the core investments to be offered to Plan participants in a manner that is consistent with the criteria set forth in the Plan’s investment policy statement (“IPS”) that has been approved by the Client. Such authority will include that necessary to select, monitor, remove, and replace all investment alternatives which constitute the core investment menu. In the event that P&A provides instructions directly to the plan’s record keeper or third-party administrator with regard to the removal, or replacement of investments, P&A will provide the Client with a report containing the basis for those decisions. In rendering Investment Management Services or any other ERISA Discretionary Fiduciary Service selected below, P&A will act as an ERISA fiduciary and will serve as an investment manager as defined in Section 3(38) of ERISA, and as a fiduciary under the Investment Advisers Act. P&A shall retain final decision making authority with regard to all ERISA Discretionary Fiduciary Services, and the Plan fiduciaries remain responsible for demonstrating that Penniall was prudently selected and monitored.

**b) Review of Fiduciary Liability Insurance Coverage** – P&A will work with qualified insurance professionals to review Client’s fiduciary liability coverage. P&A may assist the Client in obtaining additional or replacement insurance if necessary.

**c) Monitoring of Qualified Fiduciary** - The Client is responsible as a Plan fiduciary for selection of P&A as a Plan fiduciary and for monitoring the performance of P&A. To facilitate this responsibility, P&A will provide Client with a structure for the annual review and monitoring of P&A as a Plan fiduciary.

**2. Penniall Private Guidance** – P&A will meet with Plan participants that seek to engage P&A for participant advice services to gather information concerning their retirement investments, time horizon, risk tolerance and investment goals. P&A will review the information and generate individualized investment advice that may include a recommendation to invest in a particular model portfolio, Collective Investment Funds (CIF’s) or percentages to be allocated among a number of the Plan’s core investment options. P&A will not provide recommendations on investments held outside of the plan and the Plan participant retains the sole responsibility to implement the recommendations and to update P&A as to personal financial information. P&A does not guarantee that the Plan participants’ investment objectives will be achieved. Penniall Private Guidance shall be delivered as an ERISA Non-Discretionary Fiduciary Service.

**General Information about Plan and Participant Services** - Fees for these services shall be: 1) on a flat fee basis, 2) on a percentage of a plan's assets, or 3) on a combination of these methods, as agreed to between P&A and the Plan Sponsor. P&A and Investment Advisory Representatives do not receive additional compensation beyond these fees. If Investment Advisory Representatives, in their separate capacity as registered representatives of United Planners Financial Services (UPFS), are compensated in the form of commissions or 12b-1 fees from the sale of investments to the Plan, P&A shall offset the advisory fee to reflect the additional compensation earned, to the extent permitted by law.

Advisory services provided to retirement plans may be solely provided by Investment Advisory Representatives or in combination with third parties and their retirement plan services. Investment Advisory Representatives may also provide other services to the plan not in the capacity as an Investment Advisory Representative, such as serving as the plan's third party administrator. P&A shall never have custody of any client funds or securities, as the services of an independent qualified custodian will be used for these asset management services.



**Total Advisory Assets Under Management** - As of 12/31/2013, P&A managed \$377,065,106 on a discretionary basis and \$474,456,516 on a non-discretionary basis.

## Item 5 - Fees and Compensation

**Consulting Services/Financial Planning** - Financial consulting services are offered on either a flat or hourly fee basis through P&A or as part of the multi-family office services. The firm's flat fee ranges between \$500 and \$10,000 and its hourly fee is \$350. The type and amount of the fees charged to the client will be negotiated on a case-by-case basis, and are predicated on the complexity and scope of services to be provided. An estimate of the total cost will be determined at the start of the advisory relationship and shall be clearly set forth in the agreement for services. Extraordinary research or analysis may involve additional costs, which will be negotiated on an individual basis prior to beginning such work.

In either case, P&A requires that 50% of the fee be paid in advance, with the remaining portion due upon completion of the services rendered. Under no circumstances will P&A require prepayment of a fee more than six months in advance and in excess of \$500, as services will be rendered within six months of receipt of payment.

The client may terminate the consulting agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party may terminate the agreement by providing written notice to the other party. In the event there are any prepaid unearned fees, P&A will promptly refund a pro rata share to the client.

**Penniall Portfolios, 7Twelve and MAP Asset Allocation Model Fees** - The annual advisory fees for the Penniall Portfolios, 7Twelve and MAP Asset Allocation Models are subject to negotiation, but is generally set based on the assets under management according to the tiered fee schedule as described below:

### Account Value Maximum Advisory Fee

First \$99,999	2.50%
\$100,000 --- \$249,999	2.00%
\$250,000 --- \$499,999	1.75%
\$500,000 --- \$1,999,999	1.50%
\$2,000,000 --- \$4,999,999	1.25%
Over \$5,000,000	1.00%

The advisory fee is payable quarterly in advance and blended based on the assets under management. The advisory fee is calculated by applying the applicable advisory fee rate to the assets in each tier of the fee schedule. The fee arrangement with each client is subject to negotiation in certain situations and will be fully disclosed in the Investment Management Agreement each client is required to enter into with P&A.

The initial fee is payable when the Penniall Portfolios, 7Twelve, or MAP Asset Allocation account is established, prorated for the first partial quarter, if any, and also for withdrawals and additions in excess of \$25,000 during a quarter. Thereafter, fees will be payable on the first day of each calendar quarter based on the asset value as of the last business day of the prior quarter. Notwithstanding the foregoing, no advisory fees will be charged on any mutual funds, unit investment trusts or annuities transferred to the Account which were purchased within the past year if a commission was paid to an IAR of P&A in their role as a registered representative of a broker-dealer with respect to such mutual fund, unit investment trust or annuity.

You shall have five (5) business days from the date of execution of this Agreement to terminate our services without penalty. This Agreement will continue in effect from the date set forth above and may be terminated at any time upon receipt of written notice to terminate by either party to the other, which written notice must be manually signed by the terminating party. Termination of this Agreement will not affect (i) the validity of any action previously taken by us under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) your obligation to pay us fees that have already been earned under this Agreement. Upon the termination of this Agreement we will not have any continuing obligation to take any action. If you terminate this Agreement after the commencement of a calendar quarter billing period, the unearned portion of the Management Fee will be promptly refunded.

Additional information about the Penniall Portfolios, 7Twelve, or MAP Asset Allocation programs, including the advisory fees, transaction fees, custodial fees, and other fees that may apply are contained in the P&A Investment Management Agreement which the client is required to sign with P&A.

**Discount Purchase Program Fees** – the annual advisory fee for the DPP is subject to negotiation, but is generally set based on the assets under management according to the tiered fee schedule as described below:

**Account Value Maximum Advisory Fee**

First \$500,000	1.00%
\$500,001 --- \$1,000,000	0.90%
\$1,000,001 --- \$2,000,000	0.80%
Over \$2,000,000	0.70%

The advisory fee is payable quarterly in advance and blended based on the assets under management. The advisory fee is calculated by applying the applicable advisory fee rate to the assets in each tier of the fee schedule. The fee arrangement with each client is subject to negotiation in certain situations and will be fully disclosed in the Investment Management Agreement each client is required to enter into with P&A.

The initial fee is payable when the DPP account is established, prorated for the first partial quarter, if any, and also for withdrawals and additions in excess of \$25,000 during a quarter. Thereafter, fees will be payable on the first day of each calendar quarter based on the asset value as of the last business day of the prior quarter. Notwithstanding the foregoing, no advisory fees will be charged on any mutual funds, unit investment trusts or annuities transferred to the Account which were purchased within the past year if a commission was paid to an IAR of P&A in their role as a registered representative of a broker-dealer with respect to such mutual fund, unit investment trust or annuity.

You shall have five (5) business days from the date of execution of this Agreement to terminate our services without penalty. This Agreement will continue in effect from the date set forth above and may be terminated at any time upon receipt of written notice to terminate by either party to the other, which written notice must be manually signed by the terminating party. Termination of this Agreement will not affect (i) the validity of any action previously taken by us under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) your obligation to pay us fees that have already been earned under this Agreement. Upon the termination of this Agreement we will not have any continuing obligation to take any action. If you terminate this Agreement after the commencement of a calendar quarter billing period, the unearned portion of the Management Fee will be promptly refunded.

Additional information about the DPP including the advisory fees, transaction fees, custodial fees, and other fees that may apply are contained in the P&A Investment Management Agreement which the client is required to sign with P&A.

**Retirement Plan Services Fees** - P&A charges an annualized fee of up to 1.00% of the plan's assets for the pension consulting services described above. In lieu of an asset based fee, P&A may charge a fixed fee ranging from \$6,000 to \$2,000,000. Generally, a fixed-fee will not exceed 1.00% of the plan's assets unless there are special circumstances warranting a higher fee. The type and amount of the fees charged to the client are negotiable and are generally based on the size and complexity of the plan, the number of plan participants, the location of the participants, the estimated number of meetings required, and other factors that may be deemed relevant by P&A when negotiating with the client. An estimate of the total cost will be determined at the start of the advisory relationship. Fees for pension consulting services are generally payable quarterly in advance. Under no circumstance will the firm require prepayment of a fee more than six months in advance and in excess of \$500.

**Retirement Plan Fee** - The Advisory Fee for plan level services will be billed each calendar quarter (1/4 of annual rate) based upon the market value of the assets in the Plan on the average month-end balance of the plan on the last day of the quarter as valued by the custodian. The Advisory Fee for the initial quarter shall be calculated on a pro rata basis commencing on the day the assets are initially designated for management under this Agreement.

Client shall be entitled to terminate this Agreement within five business days of the execution of this Agreement without incurring a penalty or charge. Otherwise, either party may terminate this Agreement upon 30 days prior written notice to the other party and P&A shall be entitled to a pro-rata amount of compensation. Such termination will not, however, affect the liabilities or obligations of the Parties arising from transactions initiated prior to such termination and such liabilities and obligations shall survive any expiration or termination of this agreement.

**Other Fees** - In addition to the advisory fee, separate transaction charges are payable pursuant to a fixed schedule for trade execution and fees for custodial services will apply.

For all Penniall Portfolios, 7Twelve and MAP accounts, clients should be aware that they may incur other fees to unaffiliated third parties, such as administration fees, deferred sales charges on mutual funds initially deposited in the account and 12b-1 fees, mutual fund management fees and other mutual fund expenses. Ancillary charges such as margin interest (when margin is utilized) and account services such as transfer fees are also not included in the advisory fee.

For the DPP clients should be aware that CEFs have internal expenses that are deducted prior to calculating the net asset value (expense ratios.) This represents an additional layer of fees that impacts the investment returns and these are not included in the P&A advisory fee. Finally, clients may incur commission charges imposed by TDA which will be disclosed in the advisory agreement.

**General Information on Advisory Services and Fees** - The fee charged is calculated as described above and is not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

Advice offered by P&A may involve investment in mutual funds. Clients are advised that all fees paid to P&A for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. P&A does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, P&A, and others to fully understand the total amount of fees to be paid by the client.

P&A does not represent, warrant or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Although P&A believes its advisory fees are competitive, lower fees for comparable services may be obtained from other sources. All fees are subject to negotiation.

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

P&A does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

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

P&A offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. The firm's services and fee arrangements are described in the proceeding pages.

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

### **a. Penniall Portfolios – Methods of Analysis**

P&A's recommendations and Model Portfolios will be based on internal analysis, research reports and analysis, and other technology-based tools to analyze the performance of mutual funds, ETFs, and other equity and debt securities provided by third-parties. Representatives of P&A may also utilize computer software programs provided by such third-party advisers in providing this advice to clients.

P&A uses commercial software packages such as PortfolioCenter, Morningstar and Thinkpipes in offering advisory services to its clients. Investing in securities involves risk of loss that clients should be prepared to bear.

The investment process employed by the Portfolio Manager and Investment Committee is a top-down, tactical asset allocation approach. The initial step in the process includes forming an overall perspective of the economy and the financial markets. The Portfolio Manager considers current economic and market conditions and develops an economic forecast that may impact markets in the future. The goal is to identify thematic trends, determine how those trends will impact our portfolios, and adjust our allocations accordingly to benefit from these trends. The development of an economic perspective is a dynamic process that is consistently revised based upon changes in the economy and financial markets.

The economic perspective and thematic trends help shape the asset allocation of each portfolio. Five major asset classes are included in all but the Fixed Income portfolio:

**Cash & Cash Equivalents** – money market and currency instruments, as well as short-term bonds or fixed-rate investments.

**Fixed Income** – domestic and international fixed income investments of intermediate and longer-term maturities with varying quality and duration characteristics.

**Domestic Equity** – a combination of domestic growth and value equity investments, ranging from small to large companies.

**International Equity** – a combination of international growth and value investments, ranging from small to large companies.

**Alternative Assets** – non-traditional investments such as precious metals, real estate, commodities and natural resources that historically have exhibited a low correlation to stock and bond markets. The portfolios may also utilize inverse funds as hedges or offsetting positions.

Within these five broad asset classes, we utilize approximately 30 specific asset classes to strategically and tactically diversify each portfolio. The Portfolio Manager determines the weightings of each asset class. These allocations may be underweight or overweight their respective benchmarks based upon the current recommendations of the Portfolio Manager and Investment Committee.

The determination of individual investments for each asset class is generally based upon two criteria: a risk-based metric (typically standard deviation) and a performance-based metric (rate of return). These two critical components allow the Portfolio Manager and Investment Committee to focus on the conversion of beta (risk) into alpha (reward). If our outlook for a specific asset class is favorable, the investment selected will likely exhibit a higher level of risk. If our outlook is bearish, the holding selected will likely exhibit a lower level of risk.

Based upon the level of risk that is desired, an analysis is performed to determine which investment has historically achieved superior performance on a risk-adjusted basis.

#### **Pennial Portfolios - Investment Strategies/Monitoring/Reporting**

The ongoing monitoring of the model portfolios involves a rigorous and disciplined process. Performance is tracked at every Investment Committee meeting. In addition, a formal attribution analysis is prepared on a quarterly basis. This analysis decomposes the performance of the portfolios into the following three levels:

**Portfolio Level** - On a portfolio level, the performance of each model portfolio is compared to the performance of the respective benchmark portfolio. The respective benchmark portfolios consist of varying allocations of the Barclays Aggregate Bond Index, Russell 3000 Index and the MSCI EAFE Index. The allocations among these three indices for each benchmark portfolio are static and represent the target allocations for the respective portfolios. A detail of the benchmark portfolio allocations are included below.

	<b>Barclays Aggregate Bond Index</b>	<b>Russell 3000 Index</b>	<b>MSCI EAFE Index</b>
Fixed Income	100%	0%	0%
Capital Preservation	70%	25%	5%
Conservative	55%	35%	10%
Balanced	40%	50%	10%
Growth	20%	65%	15%
Aggressive Growth	0%	80%	20%

The difference between the performance of the portfolios and their respective benchmark determines the overall portfolio level alpha (out-performance or under-performance).

**Asset Class Level** - On an asset class level, an analysis is performed to determine what degree of out-performance or under-performance is attributed to the specific tactical asset class weightings of the model portfolios.

**Investment Level** - On an investment level, the performance of each holding is compared to the performance of its respective peer group. The difference between an individual mutual fund's performance and its peer group determines whether the fund out-performed or under-performed its peers.

The purpose of this formal analysis is to determine the degree of out-performance or under-performance that is attributed to each level of portfolio management. It helps determine why the portfolios differed from their respective benchmarks and allows the Portfolio Manager and Investment Committee to target where additional research needs to be performed. Based upon the results of this analysis, the Portfolio Manager and the Investment Committee decide whether to modify broad asset class allocations or tactically change specific asset classes.

As a result of the ongoing monitoring of the portfolios and consistent revision of an economic perspective, changes to the allocations or individual holdings may be deemed necessary. The execution of such changes will be performed by the Portfolio Manager and Investment Committee across all portfolios.

**Versions of Portfolios** - To accommodate client portfolios of all sizes, the Portfolio Manager and Investment Committee have designed condensed versions of the model portfolios. The investment methodology and monitoring process in which these portfolios are managed is similar to the steps described above. The difference is in the number of investments that are utilized in these models. "Fund of fund" or multi-sector mutual funds that cover more than one specific asset class are often used. The overall broad allocations in these condensed portfolios are similar to the allocations of the full portfolios.

**Custom Portfolios** - To accommodate client portfolios with special situations, the Portfolio Manager and Investment Committee have designed customized versions of the model portfolios. Special situations would include tax issues, liquidity requirements, individual stock holdings and other personal considerations. The investment methodology and asset allocation of the custom portfolios are similar to the model portfolios. The primary difference is that the investments selected to represent each asset class may differ from the model portfolios.

A second difference is in the monitoring of these custom portfolios. Since these portfolios are customized on an individual client basis, the performance will differ from the standard portfolios. On a quarterly basis, the performance of each custom portfolio will be compared to its corresponding model portfolio. For example, a custom Balanced portfolio will be compared to the performance of the standard Balanced portfolio. If the performance of the custom portfolio is within an acceptable range, no additional analysis will be deemed necessary. However, if the custom portfolio is outside an acceptable range, additional analysis will be performed to determine why the custom portfolio out-performed or under-performed the model portfolio. Changes to the allocations or individual holdings in the custom portfolio may be deemed necessary based upon this analysis.

#### **Pennial Portfolios - Risk of Loss**

Investing entails risk of loss which the investor must be willing to bear. The programs will invest primarily in mutual fund shares which are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

**Asset Allocation** - P&A's ability to achieve its investment goal depends greatly upon the asset allocation mix and selecting underlying funds. There is the possibility that P&A's evaluations and assumptions regarding asset classes and underlying funds will not successfully achieve high long-term total return in view of actual market trends. The core principle of asset allocation is diversification. P&A relies heavily upon diversification to minimize investment risk but investment risk cannot be eliminated, and despite our best efforts, is oftentimes challenging to manage within a target range.

**Investing in Underlying Funds** - P&A's investments are concentrated in the underlying mutual funds, therefore the portfolio's performance is directly correlated to the performance of the underlying funds. The ability of the portfolios to achieve their investment goals are directly related to the ability of the underlying funds to meet their investment goals. In addition, investors will indirectly bear the fees and expenses of the underlying funds.

**Management** - The portfolios are subject to management risk because they are actively managed investment portfolios. P&A will apply investment techniques and risk analyses in making investment decisions for the portfolios, but there can be no assurances that these decisions will produce the desired results.

#### **b. 7Twelve Asset Allocation Model**

7Twelve is an asset allocation model of 7 asset categories with twelve mutual funds that are equally weighted. Funds are reviewed annually for retention and/or replacement and the portfolio is rebalanced at that time. The twelve funds are reviewed for replacement and the portfolio is rebalanced annually.

**Risk of Loss** - Investing entails risk of loss which the investor must be willing to bear. The program will invest primarily in mutual fund shares which are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

**Asset Allocation** - P&A's ability to achieve its investment goal depends greatly upon the asset allocation mix and selecting underlying funds. There is the possibility that P&A's evaluations and assumptions regarding asset classes and underlying funds will not successfully achieve high long-term total return in view of actual market trends. The core principle of asset allocation is diversification. P&A relies heavily upon diversification to minimize investment risk but investment risk cannot be eliminated, and despite our best efforts, is oftentimes challenging to manage within a target range.

**Investing in Underlying Funds** - P&A's investments are concentrated in the underlying mutual funds, therefore the portfolio's performance is directly correlated to the performance of the underlying funds. The ability of the portfolios to achieve their investment goals are directly related to the ability of the underlying funds to meet their investment goals. In addition, investors will indirectly bear the fees and expenses of the underlying funds.

**Management** - The portfolios are subject to management risk because they are actively managed investment portfolios. P&A will apply investment techniques and risk analyses in making investment decisions for the portfolios, but there can be no assurances that these decisions will produce the desired results.

### **c. MAP Portfolios:**

**Methods of Analysis** - P&A's recommendations and MAP Portfolios will be based on internal analysis, research reports and analysis, and other technology-based tools to analyze the performance of mutual funds, ETFs, and other equity and debt securities provided by third-parties. Representatives of P&A may also utilize computer software programs provided by such third-party advisers in providing this advice to clients.

P&A uses commercial software packages such as Portfolio Center, Morningstar and Thinkpipes in offering advisory services to its clients. Investing in securities involves risk of loss that clients should be prepared to bear.

**The MAP Portfolio Objectives and Risk of Loss**- The objective of the MAP portfolio is to generate the maximum rate of return for a given level of risk. The target return is 5% above a risk-free rate of return (1 year T-Bill rate). The target risk is measured as 5-15% portfolio volatility with an average of about 10%. Thus it would be normal for the MAP portfolios to experience 10% fluctuations within any given year. Risk and returns are somewhat unpredictable and can vary widely from year-to-year. Investing entails risk and there are no assurances the target returns or risk can be achieved.

**Aligning Risk/Reward with the Needs of Investors** - Penniall & Associates matches a client's risk tolerance and financial goals to an appropriate investment portfolio. MAP is designed to be a moderate risk portfolio and invests approximately 60% in equities and 40% in fixed income. In investment parlance this is a "balanced" portfolio. Equities generally have higher risk/reward characteristics than fixed income so to accommodate more conservative investors the core MAP portfolio will be combined with an additional fixed income investment that is intended to reduce the overall portfolio risk. Conversely, to create a more aggressive profile the core MAP portfolio will be combined with an additional equity investment.

**Investment Methodology** - The MAP investment process is a top-down, tactical asset allocation approach. The initial step in the process (top-level) includes forming an overall perspective of the economy and the financial markets. The Portfolio Manager considers current economic and market conditions and develops an economic forecast that may impact markets in the future. The goal is to determine if market conditions are favorable, neutral or negative for the next 6-18 months. An overall aggressive or defensive posture for the portfolios will be dictated by the top-level assessment of market conditions.

The mid-level of analysis will determine which market sectors will be utilized in the portfolio. MAP will have five equally-weighted sectors (20% each), two of which will be fixed income and the remaining three will be equity. The analysis will be based on Morningstar Fund Categories and short-term momentum will be the primary selection criteria. Generally, MAP will favor sectors with strong 1-month and 3-month performance but ideally, the Portfolio Manager is looking for "early momentum". Early momentum is strong short-term performance (less than one year). One of the equity positions will be a "core" position from one of the following ten categories:

Large Growth	Large Value	Intl Established Growth	Intl Established Value
Midcap Growth	Midcap Value	Intl Emerging Growth	Intl Emerging Value
Small Cap Growth	Small Cap Value		

The other two equity positions are unconstrained and can be from any Morningstar equity fund categories. For example, two categories which have been used in the past are Japan and Biotechnology.

The bottom level of analysis is where individual funds are selected for investment. MAP may use mutual funds and exchange-traded funds for each of the asset categories. Only one fund will be utilized for each category thus MAP portfolios will typically hold five funds. Fund selection will be similar to asset category selection in that the primary criterion is strong momentum.

### **d. The Discount Purchase Program**

The DPP will invest in a portfolio of high yielding equity and fixed income CEFs trading at a discount to their net asset value. The individual CEFs are selected primarily on the basis of yield and secondarily upon the discount from the fund's net asset value. A third consideration is the use of leverage which is minimized consistent with achieving the primary objective of yield. One of the primary sources of information is the website "CEF Connect" <http://www.cefconnect.com/>.

**Risk of Loss** - Investing entails risk of loss which the investor must be willing to bear. The program will invest primarily in mutual fund shares which are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

**Specific Risk Factors** – High yield bonds are typically of lower credit quality and thus carry elevated default risk. While default risk is ever-present, it tends to be elevated at times when the economy is slow or in a recession. CEFs may be illiquid and subject to pricing distortions on the exchanges. Some of the CEFs employ leverage which magnifies both the risk and reward characteristics of the fund.

The general principles to manage risk in the DPP are diversification combined with a “buy and hold” philosophy. Although the CEFs may decline, sometimes precipitously, they tend to bounce back, although there can be no assurance they will do so.

**Asset Allocation** - P&A’s ability to achieve its investment goal depends greatly upon the asset allocation mix and selecting underlying funds. There is the possibility that P&A’s evaluations and assumptions regarding asset classes and underlying funds will not successfully achieve high long-term total return in view of actual market trends. The core principle of asset allocation is diversification. P&A relies heavily upon diversification to minimize investment risk but investment risk cannot be eliminated, and despite our best efforts, is oftentimes challenging to manage within a target range.

**Investing in Underlying Funds** - P&A’s investments are concentrated in the underlying funds, therefore the portfolio’s performance is directly correlated to the performance of the underlying funds. The ability of the portfolios to achieve their investment goals are directly related to the ability of the underlying funds to meet their investment goals. In addition, investors will indirectly bear the fees and expenses of the underlying funds.

**Management** - The portfolios are subject to management risk because they are actively managed investment portfolios. P&A will apply investment techniques and risk analyses in making investment decisions for the portfolios, but there can be no assurances that these decisions will produce the desired results.

## **Item 9 - Disciplinary Information**

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of P&A or the integrity of P&A’s management. P&A and its management personnel have no legal or material disciplinary events applicable to this Item.

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

**Other Business Activities** - In addition to their investment advisory activities, Penniall & Associates, Inc. IAR’s offers retail brokerage services through their affiliation as registered representatives with United Planners Financial Services (UPFS). Products may include stocks, bonds, mutual funds, ETF’s, 529 plans, retirement plans, and other investments. P&A also offers pension, health and welfare, and mortgage lending services through associates who are appropriately licensed. P&A generally conducts its investment advisory activities separate and apart from the advisory activities of UPFS. P&A IAR’s are Registered Representatives of UPFS which necessitates that UPFS keep and maintain certain records and perform other compliance functions in relation to the advisory activities of P&A. These obligations require UPFS to coordinate with and have the cooperation of certain custodians and/or broker-dealers. Accordingly, UPFS has established a list of custodian or brokerage firms in which P&A client assets may be placed, and P&A client custodial choices will be limited to that list.

P&A is a member of the NFLPA Investment Advisory Program and is authorized to offer financial services to NFL players and personnel.

P&A maintains a reciprocal referral relationship with Brumm & Associates, Inc., an accounting and financial services firm whereby clients of Brumm are referred to P&A for securities and advisory related services and clients of P&A are referred to Brumm for tax and accounting services. Any fees paid to Brumm for services rendered are separate and distinct from the compensation received by P&A for investment advisory services. Comparable services may be available through other accounting firms for a lower cost.

Penniall Real Estate Services Inc. is an affiliated entity that provides real estate lending and brokerage services. The fees for real estate services are separate and apart from the fees P&A charges for advisory services. Comparable services may be available through other real estate entities at a lower cost.

**Other Industry Activities or Affiliations** - Certain officers, other employees, and IARs of P&A may be separately licensed as registered representatives and/or principals of UPFS. As such, these individuals will be able to effect securities transactions and may receive separate, yet customary, compensation for effecting securities transactions.

P&A maintains a referral relationship with an estate planning attorney, Joseph Longo. P&A receives no compensation for any referrals made.

P&A has an active insurance agency which transacts group and individual insurance plans as well as employee benefits and annuities.

P&A receives additional compensation for tax preparation and accounting services.

Mr. Penniall is also a licensed real estate agent. Mr. Penniall spends approximately 5% of his time in this capacity.

Athlete Wealth Management Group (AWM) is a DBA of P&A and caters to the financial needs of professional athletes. Mr. Penniall spends approximately 10% of his professional time related to AWM activities.

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

P&A or individuals associated with the firm may buy or sell for their personal account(s) investment products identical to those recommended to clients. In addition, a related person may have an interest or position in a certain security or securities which may also be recommended to the clients.

In some instances, these situations may create either actual or perceived conflicts of interest. As such, P&A has established the following restrictions:

A director, officer or IAR shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with P&A or UPFS, unless the information is also available to the investing public on reasonable inquiry. No person shall prefer his or her own interest to that of the advisory clients.

All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.

P&A and its employees generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the firm's Compliance Officer.

P&A respects the right of clients to specify investment objectives, guidelines, and/or conditions/restrictions on the overall management of their accounts.

Records will be maintained of all securities or insurance products bought or sold by the firm, associated persons of the firm and related entities. A principal of P&A, or a qualified representative of the firm, reviews these records on a quarterly basis.

P&A requires 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 termination.

The full text of the Firm's Code of Ethics is available to you upon request.

In accordance with Section 204-A of the Investment Advisers Act of 1940, P&A also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the firm or any person associated with P&A.

It is P&A's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. P&A will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

**Privacy Policies** - The firm views protecting its customer's private information as a top priority and, pursuant to the requirements of the federal Gramm Leach Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure.

The firm does not disclose any non-public information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, the firm may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. The firm may also share client information where the client is receiving services from Highpoint and/or PAAG.

The firm restricts internal access to nonpublic personal information about the client to those associated persons of the firm who need access to that information in order to provide services to the client. It is the firm's policy to never sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of the customer or as required by law.

P&A's clients or prospective clients may request a copy of the firm's Privacy Policies by contacting Steven Levin.



## **Item 12 - Brokerage Practices**

**Suggestion of Broker** – Penniall Portfolios, 7Twelve, MAP and DPP clients requesting that P&A implement investment recommendations and advice will have TD Ameritrade (TDA) recommended to them. In order for P&A to facilitate securities transactions, the client must agree to open an account(s) with TDA for custody of securities, trade execution, and clearance and settlement of transactions. P&A participates in the TDA Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., (TDA) member FINRA/SIPC/NFA. TDA is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. P&A receives some benefit from TDA through its participation in the program. Please refer to additional disclosures on TDA in the Client Referrals and Other Compensation section below.

P&A places all of its securities transactions with TDA and then periodically evaluates its relationship to see if they are competitive with other services available. This could mean that in a specific circumstance, a client could pay a higher commission on a trade placed with TDA than they would if the applicant had arrangements with several broker/dealers and could compare costs on each transaction. In deciding to use TDA and in deciding to continue using TDA, P&A has considered and continues to consider the full range and quality of services, including, among other things, execution capability, commission rate, financial responsibility, responsiveness to the adviser and research services. Research received directly or indirectly from TDA may be used to service some or all of P&A's clients.

IARs of P&A, who are registered representatives of UPFS, are subject to FINRA Conduct Rule 3040 that may restrict such registered individuals from conducting securities transactions away from UPFS, unless UPFS provides the representative with written authorization. Therefore, the client is advised that IARs may be limited to conducting securities transactions through UPFS or through TDA.

Although P&A does not have the authority to determine the broker dealer or dealer used in executing client transactions without obtaining specific client consent, certain programs that P&A sponsors do require the use of certain brokers to execute transactions. There is no requirement that a client use such broker as P&A recommends; however, P&A reserves the right to not accept a client account if the client wishes to select a broker or dealer other than TDA.

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

Accounts will be reviewed internally on a regular basis. The client will be provided with information at least annually, and client accounts will be rebalanced as required. For non-qualified accounts the firm may tax harvest at any time on an as needed basis. Reviews are conducted by IARs of the firm.

Changes in a client's situation, such as investment goals, financial position, unusual economic, industry or individual investment developments, may trigger a review. Marriage, divorce, death, change in employment, birth of a child, retirement, etc. may also trigger the need for additional reviews.

All investment management services clients receive statements from their custodians on either a monthly or quarterly basis. These reports will show the current market values and transactions during the past month or quarter as well as interest, dividends and capital gains for the reporting period.

P&A may provide clients with quarterly performance reports of their Penniall Portfolios, 7Twelve, MAP and DPP accounts.

P&A may provide retirement plan clients with investment monitoring reports on a quarterly basis and annual fee benchmarking reports upon request or as needed.

P&A may also provide financial planning clients with annual updates of their financial situation.

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

P&A may offer securities and insurance products to the public on a fully disclosed commission basis.

As disclosed under Item 12 above, P&A participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between P&A's participation in the TDA Institutional program and the investment advice it gives to its clients, although P&A receives economic benefits through its participation in the program that are typically not available to TDA retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain

institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Registrant by third party vendors. TDA may also have paid for business consulting and professional services received by P&A's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for P&A personnel to attend conferences or meetings relating to the program or to TDA's advisor custody and brokerage services. Some of the products and services made available by TDA through the program may benefit P&A but may not benefit its client accounts. These products or services may assist us in managing and administering our client accounts, including accounts not maintained at TDA. Other services made available by TDA are intended to help us manage and further develop its business enterprise. The benefits received by P&A or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TDA. Clients should be aware, however, that the receipt of economic benefits by P&A or its related persons in and of itself creates a potential conflict of interest and may indirectly influence P&A's recommendation of TDA for custody and brokerage services. No ERISA accounts are custodied at TDA therefore no prohibited transactions exist per ERISA Rule 406.

P&A also receives from TDA certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include payment coverage for Morningstar (investment analysis and research), FINA Connect (qualified plan monitoring and reporting), OutSourceThis! (data reconciliation), Trade Warrior (trading program) and Fiduciary Benchmarks, Inc. (benchmarking services). TDA provides the Additional Services P&A in its sole discretion and at its own expense, and P&A does not pay any fees to TDA for the Additional Services. P&A and TDA have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

P&A's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to us, TDA most likely considers the amount and profitability to TDA of the assets in, and trades placed for, our client accounts maintained with TDA. TDA has the right to terminate the Additional Services Addendum with us, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TDA, we may have an incentive to recommend to our clients that the assets under management by P&A be held in custody with TDA and to place transactions for client accounts with TDA. P&A's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts

P&A will receive from Highpoint a one-time fee equal to 10% of the client's financial service fees as compensation for referring clients in need of financial services to Highpoint.

P&A receives commissions for placing mortgage loans (purchase, refinance) thru a licensed mortgage broker and referral fees for real estate services (purchase, sale, lease) thru a licensed real estate broker.

**Compensation for Client Referrals** - Occasionally, P&A will send a thank you gift -- i.e. a gift basket -- to an individual or company for an advisory client referral. The value of this gift will not exceed \$100.

As compensation for referring clients to P&A for advisory related services, the firm will share 40% of its advisory fees with Highpoint on an ongoing basis. P&A and Highpoint also maintain a commission sharing arrangement in instances where Highpoint refers clients in need of insurance products to the firm.

P&A also has a referral arrangement with SullivanCurtisMonroe Insurance Services and may share 25% of its advisory fees with them on an ongoing basis.

P&A has Solicitors Agreement with United Planners and pays them per the terms of said agreement.

## **Item 15 - Custody**

P&A does not take custody of client accounts and assets. All assets are held by firms that qualify under the SEC rule and are termed "qualified custodians". These relationships are not subject to audit as there is an exception to the audit requirement under SEC guidelines.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. P&A urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 - Investment Discretion**

P&A usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, P&A observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, P&A's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to P&A in writing.

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

Clients will make all of the decisions regarding corporate actions and the exercise of proxy voting rights with respect to stock held in the client's account. P&A will not be required, and in certain cases will be precluded from, voting proxies on behalf of client accounts; although, P&A may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights.

### **Item 18 - Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about P&A's financial condition. P&A has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.



# PENNIALL & ASSOCIATES, INC.

## Brochure Supplement

### Item 1 – Cover Page

David R. Penniall, CFP®, AIF®  
Anne Averill  
Brandon Averill, CFP®  
Brian R. Tinker, CFP®, AIF®  
Craig R. Watanabe, CFP®, AIF®, CSCP®  
David B. Gallagher  
Emily A. Velasco, CFP®  
Erik Averill, CFP®  
Jaime G. Hefner, BCAA  
Jurgen Schwarze  
Kathleen M. Branconier, AIF®, C(k)P®, MBA  
Sarah Jenson, CPA®, CFA®, AIF®  
Shannon C. Main, CFP®, AIF®  
Steven B. Sloan, CLU®, AIF®  
Theresa Branconier  
Vanessa Y. Burnett, CFP®

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P.O. Box 7001  
Pasadena, CA 91109

626-795-3062

[WWW.PENNIALL.COM](http://WWW.PENNIALL.COM)

July 21, 2014

This Brochure provides information about the qualifications and business practices of PENNIALL & ASSOCIATES, INC., herein after referred to as “P&A” or “ADVISER”. If you have any questions about the contents of this Brochure, please contact us at 626-795-3062 and/or [crw@penniall.com](mailto:crw@penniall.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.

P&A is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about P&A also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Educational Background and Business Experience

### David R. Penniall, CFP®, AIF®

Year of Birth: 1954

Formal Education After High School:

- Glendale College, A.A., General Education, 1974.
- University of California, Los Angeles, B.A., Political Science, 1976.

Entered Financial Services Industry in 1982

Professional Designations:\*

- Certified Financial Planner™ (CFP®)
- Accredited Investment Fiduciary® (AIF®)

Business Background Previous Five Years:

- Penniall & Associates, Inc., Founder/Chief Executive Officer, 05/2002 - Present.
- Pension Architects Advisory Group, LLC, Member and Manager, 08/2007 – 08/2013.
- United Planners Financial Services, Registered Principal, 10/2009 – Present.
- NRP Financial, Inc., Registered Principal, 07/2008 - 10/2009.
- AIG Financial Advisors, Inc. (formerly SunAmerica Securities), Registered Principal, 12/1997 - 07/2008.

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.
- Accredited Investment Fiduciary® (AIF®): Completion of Web-based or Capstone program plus minimum score of 75% on closed book exam. No prerequisite. Continuing Education: 6 hours per year.

## Item 3 - Disciplinary Information

David Penniall has no legal or material disciplinary events applicable to this Item.

## Item 4 - Other Business Activities

- David Penniall is associated with United Planners Financial Services (UPFS) as a Registered Principal. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Principal, David may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, variable annuities, variable life insurance, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from David in this capacity, then he may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or David Penniall.
- David Penniall is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, David may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through David, he will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or David Penniall.
- David Penniall is a licensed Real Estate Agent receives referral fees and commissions from real estate consulting, sales and mortgage related services. Clients are under no obligation to utilize the services offered by David Penniall.
- David Penniall is the majority owner of Paragon Sports International with involvement in overseeing the internal operations of the company. Paragon Sports International is a full service sports management agency. Clients of Paragon are under no obligation to utilize any of the other services offered by David Penniall.

## Item 5 - Additional Compensation

David Penniall receives additional compensation as indicated in Item 4 above.

## Item 6 - Supervision

David R. Penniall, CFP®, AIF® is supervised by Steven Levin, the Chief Compliance Officer. who can be reached at 626-795-3062..

## **Item 2 - Educational Background and Business Experience**

### **Anne Averill**

Year of Birth: 1986

Formal Education After High School:

- University of San Diego, Bachelor of Business Administration 2008.

Entered Financial Services Industry in 2010

Professional Designations:\*

Business Background Previous Five Years:

- Penniall & Associates, Inc., Portfolio Analyst, 08/2010 – Present.
- Marriott International, Finance and Accounting, 10-2008 – 08-2010.

\*Professional Designation Requirements:

## **Item 3 - Disciplinary Information**

Anne Averill has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

Anne Averill has no other business activities.

## **Item 5 - Additional Compensation**

Anne Averill receives no additional compensation.

## **Item 6 - Supervision**

Anne Averill is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in “Methods of Analysis” in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Brandon Averill, CFP®**

Year of Birth: 1981

Formal Education After High School:

- University of California, Los Angeles, BA Sociology, 2004.

Entered Financial Services Industry in 2005

Professional Designations:\*

- Certified Financial Planner™ (CFP®)

Business Background Previous Five Years:

- Penniall & Associates, Inc., Investment Advisor Representative, 08/2010 – Present.
- United Planners Financial Services, Registered Representative, 08/2010 – Present.
- Athlete CEO Consulting, LLC, Partner, 04/2010 – Present.
- Morgan Stanley Smith Barney, Financial Associate, 04/2010 – 08/2010.
- Union Bank, Assistant Vice President, 10/2005 – 03/2010.
- Gateway Grizzlies, Baseball Player, 05/2005 – 08/2005.
- Houston Astros, Baseball Player, 06/2004 – 03/2005.

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.

## **Item 3 - Disciplinary Information**

Brandon Averill has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- Brandon Averill is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Brandon may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Brandon in this capacity, then he will receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Brandon Averill.

## **Item 5 - Additional Compensation**

Brandon Averill receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Brandon Averill is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.

## Item 2 - Educational Background and Business Experience

### **Brian R. Tinker, CFP®, AIF®**

Year of Birth: 1970

Formal Education After High School:

- California State University Northridge, General Education, 1988.
- University of California, Los Angeles, BA Sociology/Business Administration, 1993.

Entered Financial Services Industry in 1999

Professional Designations:\*

- Certified Financial Planner™ (CFP®)
- Accredited Investment Fiduciary® (AIF®)

Business Background Previous Five Years

- Penniall & Associates, Investment Advisor Representative, 07/2006 - Present.
- Pension Architects Advisory Group, LLC, Investment Adviser Representative, 08/2007 – 08/2013.
- United Planners Financial Services, Registered Representative, 10/2009 - Present.
- NRP Financial, Inc., Registered Representative, 07/2008 - 10/2009.
- AIG Financial Advisors, Inc., Registered Representative, 07/2006 - 07/2008.

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.
- Accredited Investment Fiduciary® (AIF®): Completion of Web-based or Capstone program plus minimum score of 75% on closed book exam. No prerequisite. Continuing Education: 6 hours per year.

## Item 3 - Disciplinary Information

Brian Tinker has no legal or material disciplinary events applicable to this Item.

## Item 4 - Other Business Activities

- Brian Tinker is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Brian may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, variable annuities, variable life insurance, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Brian in this capacity, then he may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Brian Tinker.
- Brian Tinker is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Brian may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Brian, he will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or Brian Tinker.

## Item 5 - Additional Compensation

Brian Tinker receives additional compensation as indicated in Item 4 above.

## Item 6 - Supervision

Brian Tinker is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.



## Item 2 - Educational Background and Business Experience

### **Craig R. Watanabe, CFP®, AIF®, CSCP®**

Year of Birth: 1958

Formal Education After High School:

- University of California, Los Angeles, BS Biology 1980.

Entered Financial Services Industry in 1983

Professional Designations:\*

- Certified Financial Planner™ (CFP®)
- Accredited Investment Fiduciary® (AIF®)
- Certified Securities Compliance Professional® (CSCP®)

Business Background Previous Five Years:

- Penniall & Associates, Chief Compliance Officer, 04/2013 – Present
- Penniall & Associates, Investment Advisor Representative, 09/2009 - Present
- Penniall & Associates, Financial Advisor, 06/2008 – 09/2009.
- Pension Architects Advisory Group, LLC, Chief Compliance Officer, 03/2013 – 08/2013.
- Pension Architects Advisory Group, LLC, Investment Adviser Representative, 08/2008 – 08/2013.
- United Planners Financial Services, Registered Representative, 10/2009 – Present.
- NRP Financial, Inc., Registered Representative, 06/2008 - 10/2009
- Western International Securities, Inc., COO/CCO 07/1996 - 06/2008

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.
- Accredited Investment Fiduciary® (AIF®): Completion of Web-based or Capstone program plus minimum score of 75% on closed book exam. No prerequisite. Continuing Education: 6 hours per year.
- Certified Securities Compliance Professional® (CSCP®): Successful completion of self-study program, successfully pass CSCP exam. Prerequisites: Bachelor degree plus 3 years securities compliance experience or minimum of five years in securities compliance, and CSCP Credential Application approval. Continuing Education: 20 hours every 2 years.

## Item 3 - Disciplinary Information

Craig Watanabe has no legal or material disciplinary events applicable to this Item.

## Item 4 - Other Business Activities

- Craig Watanabe is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Craig may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, variable annuities, variable life insurance, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Craig in this capacity, then he may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Craig Watanabe.
- Craig Watanabe is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Craig may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Craig, he will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or Craig Watanabe.
- Craig Watanabe is a licensed and bonded tax preparer. He charges separate fees for tax preparation. Clients are under no obligation to utilize the tax preparation services offered by Craig Watanabe.
- Craig is a Notary Public. He does not charge fees for this service and performs notarial acts as an accommodation for clients.
- Craig Watanabe is on the Board of Directors for the National Society of Compliance Professionals. This is a volunteer position for an industry association.

## Item 5 - Additional Compensation

Craig Watanabe receives additional compensation as indicated in Item 4 above.

## Item 6 - Supervision

Craig Watanabe is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **David B. Gallagher**

Year of Birth: 1960

Formal Education After High School:

- Purdue University, B.S. Electrical Engineering, 1982.

Entered Financial Services Industry in 1989

Business Background Previous Five Years

- Penniall & Associates, Investment Advisor Representative, 02/2010 - Present.
- Top Down Design, Inc., President, 01/1989 - Present.
- Jet Propulsion Laboratory, Director, 01/1989 - Present.

## **Item 3 - Disciplinary Information**

David Gallagher has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- David Gallagher is the director for astronomy, physics and space technology for NASA's Jet Propulsion Laboratory (JPL). JPL is a federally funded research and development center operated by the California Institute of Technology for NASA.
- David Gallagher provides occasional scientific consulting for various television and movie projects for the entertainment industry.

## **Item 5 - Additional Compensation**

David Gallagher receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

David Gallagher is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Emily A. Velasco, CFP®**

Year of Birth: 1982

Formal Education After High School:

- California Fresno State University, BS Accounting, 2004.

Entered Financial Services Industry in 2007

Professional Designations:\*

- Certified Financial Planner™ (CFP®)

Business Background Previous Five Years:

- Penniall & Associates, Account Manager, 08/2006 – Present.
- United Planners Financial Services, Registered Representative, 02/2012 – Present
- United Planners Financial Services, Registered Assistant, 10/2009 – 01/2012
- NRP Financial, Inc., Registered Assistant, 07/2008 - 10/2009.
- AIG Financial Advisors, Inc. (formerly SunAmerica Securities) Registered Assistant, 08/2006 - 07/2008
- Ross E. Velasco, CPA, Accounting Assistant, 01/2005 – 08/2006.

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.

## **Item 3 - Disciplinary Information**

Emily Velasco has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- Emily Velasco is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Emily may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Emily in this capacity, then he will receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Emily Velasco.

## **Item 5 - Additional Compensation**

Emily Velasco receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Emily Velasco is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Erik Averill, CFP®**

Year of Birth: 1984

Formal Education After High School:

- Arizona State University, BS Finance, 2005.

Entered Financial Services Industry in 2007

Professional Designations:\*

- Certified Financial Planner™ (CFP®)

Business Background Previous Five Years:

- Penniall & Associates, Investment Advisor Representative, 08/2010 – Present.
- United Planners Financial Services, Registered Representative, 08/2010 – Present.
- Athlete CEO Consulting, LLC, Partner, 04/2010 – Present.
- Morgan Stanley Smith Barney, Financial Advisor, 06/2009 – 08/2010.
- Citigroup Global Markets, Inc., Financial Advisor, 04/2009 - 06/2009.
- Protégé, LLC, Partner, 08/2008 – 03/2009.
- Seattle Mariners, Baseball Player, 06/2008 – 07/2008.
- Detroit Tigers, Baseball Player, 06/2005 – 06/2008.
- Smith Barney, Intern, 09/2007 – 12/2007.

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.

## **Item 3 - Disciplinary Information**

Erik Averill has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- Erik Averill is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Erik may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, variable annuities, variable life insurance, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Erik in this capacity, then he may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Erik Averill.
- Erik Averill is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Erik may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Erik, he will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or Erik Averill.

## **Item 5 - Additional Compensation**

Erik Averill receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Erik Averill is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Jaime G. Hefner, BCAA**

Year of Birth: 1976

Formal Education After High School:

- Glendale Community College, General Education, Attended 2003 – 2006.
- Moorpark College, General Education, Attended, 1995 – 1996.

Entered Financial Services Industry in 1995

Professional Designations:\*

- Board Certified in Asset Allocation (BCAA)

Business Background Previous Five Years:

- Penniall & Associates, Inc., Chief Operating Officer, 04/2013 - Present
- Penniall & Associates, Inc., Investment Advisor Representative, 07/2004 - Present.  
Account Manager, 04/2002 - 07/2004.
- Pension Architects Advisory Group, LLC, Investment Adviser Representative, 08/2007 – 08/2013.
- United Planners Financial Services, Registered Representative, 10/2009 – Present.
- NRP Financial, Inc., Registered Representative, 07/2008 - 10/2009.
- AIG Financial Advisors, Inc. (formerly SunAmerica Securities) Registered Representative, 08/2004 - 07/2008.

\*Professional Designation Requirements

- Board Certified in Asset Allocation (BCAA): Completion of three modules (45 total hours) including passing a closed book final exam after each module followed by a case study after completion of all modules. Prerequisites: 2 years experience in financial services industry. Continuing Education: 15 hours per year for the first 5 years.

## **Item 3 - Disciplinary Information**

Jaime Hefner has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- Jaime Hefner is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Jaime may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Jaime in this capacity, then she may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Jaime Hefner.
- Jaime Hefner creates and markets jewelry thru her company Jaime Hefner Designs which is sold retail and wholesale.

## **Item 5 - Additional Compensation**

Jaime Hefner receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Jaime Hefner is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in “Methods of Analysis” in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Jürgen Schwarze**

Year of Birth: 1956

Formal Education After High School:

- University of Southern California, Saxophone Performance Major, 1979-1983
- Dick Grove School of Music, Composition and Arranging, 1984

Military Education:

- Air Force Non-Commissioned Officer Academy, 1994
- Air Force Senior Non-Commissioned Officer Academy, 2007

Military Service:

- Marine Corps, Sergeant, 11/1974 – 01/1979
- Air National Guard Band of the West Coast, Manager, Chief Master Sergeant, 03/1985 – Present

Entered the Financial Services Industry in 1996

Professional Designations:\*

Business Background Previous Five Years:

- Penniall & Associates, Inc., Consultant, 01/2014 – Present
- APD Financial, Portfolio Analyst with a focus on Closed-End Fund Allocations, 04/1996 – 12/2013

## **Item 3 - Disciplinary Information**

Jürgen Schwarze has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

Jürgen Schwarze serves in the Air National Guard as a Chief Master Sergeant.

## **Item 5 - Additional Compensation**

Jürgen Schwarze receives no additional compensation.

## **Item 6 - Supervision**

Jürgen Schwarze is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in “Methods of Analysis” in the front section of this brochure.

## Item 2 - Educational Background and Business Experience

**Kathleen M. Branconier, AIF®, C(k)P®, MBA**

**Year of Birth: 1955**

Formal Education After High School:

- Loyola Marymount University, MBA, Finance, 1984
- Loyola Marymount University, BA, Urban Studies, 1979

Entered Financial Services Industry in 2000

Professional Designations:\*

- Accredited Investment Fiduciary® (AIF®)
- *Certified 401(k) Professional™* (C(k)P®)

Business Background Previous Five Years:

- Penniall & Associates, Inc., Investment Advisor Representative, 09/2012 - Present.
- United Planners Financial Services, Registered Representative, 09/2012 – Present.
- Cal-Surance Benefit Plans, Vice President - Retirement Plans, 05/2000 – 09/2012
- M. Holdings Securities, Inc., Registered Representative, 07/2001 – 09/2012

\*Professional Designation Requirements

- Accredited Investment Fiduciary® (AIF®): Completion of Web-based or Capstone program plus minimum score of 75% on closed book exam. No prerequisite. Continuing Education: 6 hours per year.
- *Certified 401(k) Professional™* (C(k)P®): Successful completion of substantial practical retirement plan management experience and highly specialized educational course work followed by passing a comprehensive final examination and completion of a practical real world retirement plan management requirement. Prerequisite: minimum 3 years experience in financial services and/or retirement plan industry. Continuing Education: 24 hours per year renewal cycle met by attendance at two approved events.

## Item 3 - Disciplinary Information

Kathleen Branconier has no legal or material disciplinary events applicable to this Item.

## Item 4 - Other Business Activities

- Kathleen Branconier is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Kathy may offer clients the option to purchase securities and investment products distributed by that firm. If a client purchases or sells securities products from Kathy in this capacity, then she may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Kathy Branconier.

## Item 5 - Additional Compensation

Kathleen Branconier receives additional compensation as indicated in Item 4 above.

## Item 6 - Supervision

Kathleen Branconier is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in “Methods of Analysis” in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Sarah Jenson, CPA®, CFA®, AIF®**

Year of Birth: 1982

Formal Education After High School:

- California Polytechnic State University, San Luis Obispo, BS Accounting & Finance, 2004.

Entered Financial Services Industry in 2004

Professional Designations:\*

- Certified Public Accountant (CPA®)
- Chartered Financial Analyst® (CFA®)
- Accredited Investment Fiduciary® (AIF®)

Business Background Previous Five Years:

- Penniall & Associates, Inc., Chief Investment Officer, 08/2007 – Present.
- Pension Architects Advisory Group, LLC, Chief Investment Officer, 08/2007 – 08/2013.
- KPMG, LLP, Senior Associate, 05/2006 – 08/2007.  
Associate, 04/2004 – 05/2006.

\*Professional Designation Requirements:

- Certified Public Accountant (CPA): Successful completion of 24 semester units in accounting- related subjects, 24 semester units in business-related subjects or accounting courses beyond the initial 24 units, successful passing of ethics course and passing score on the Uniform CPA Exam, 2 years general accounting experience supervised by a CPA with an active license. Prerequisites: Bachelor degree. Continuing Education: 40 hours after the first year and 80 hours every two years thereafter.
- Chartered Financial Analyst (CFA): Completion of three courses (250 hours per course) including passing of exam after each course. Prerequisites: Bachelor degree and 4 years of professional experience involving investment decision-making or 4 years qualified work experience. Continuing Education: None.
- Accredited Investment Fiduciary® (AIF®): Completion of Web-based or Capstone program plus minimum score of 75% on closed book exam. No prerequisite. Continuing Education: 6 hours per year.

## **Item 3 - Disciplinary Information**

Sarah Jenson has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

Sarah Jenson has no other business activities.

## **Item 5 - Additional Compensation**

Sarah Jenson does not receive additional compensation from other sources.

## **Item 6 - Supervision**

Sarah Jenson is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in “Methods of Analysis” in the front section of this brochure.



## **Item 2 - Educational Background and Business Experience**

### **Shannon C. Main, CFP®, AIF®**

Year of Birth: 1972

Formal Education After High School:

- University of California, Irvine, BS Biological Sciences, 1995.

Entered Financial Services Industry in 1995

Professional Designations:\*

- Certified Financial Planner™ (CFP®)
- Accredited Investment Fiduciary® (AIF®)

Business Background Previous Five Years:

- Penniall & Associates, Investment Advisor Representative, 09/2008 – Present.
- Pension Architects Advisory Group, LLC, Investment Adviser Representative, 9/2008 – 08/2013.
- United Planners Financial Services, Registered Representative, 10/2009 – Present.
- NRP Financial, Inc., Registered Representative, 09/2008- 10/2009.
- USI Securities, Inc. Registered Representative, 06/2004 - 09/2008.
- USI Corporate Retirement & Executive Benefits Consultant, 06/2004 - 09/2008.

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.
- Accredited Investment Fiduciary® (AIF®): Completion of Web-based or Capstone program plus minimum score of 75% on closed book exam. No prerequisite. Continuing Education: 6 hours per year.

## **Item 3 - Disciplinary Information**

Shannon Main has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- Shannon Main is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Shannon may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, variable annuities, variable life insurance, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Shannon in this capacity, then she may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Shannon Main.
- Shannon Main is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Shannon may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Shannon, she will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or Shannon Main.

## **Item 5 - Additional Compensation**

Shannon Main receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Shannon Main is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.

## Item 2 - Educational Background and Business Experience

### Steven B. Sloan, CLU®, AIF®

Year of Birth: 1945

Formal Education After High School:

- Southern Illinois University, BA Political Science, 1970

Entered Financial Services Industry in 1980

Professional Designations:\*

- Chartered Life Underwriter™ (CLU®)
- Accredited Investment Fiduciary® (AIF®)

Business Background Previous Five Years:

- Penniall & Associates, Investment Advisor Representative, 12/2012 – Present.
- United Planners Financial Services, Registered Representative, 08/2009 – Present.
- United Planners Financial Services, Investment Advisor Representative, 08/2009 – 12/2012
- Associated Securities Corp, Investment Advisory Representative/Registered Principal, 05/1999 – 08/2009.

\*Professional Designation Requirements:

- Chartered Life Underwriter™ (CLU®): Successful completion of a comprehensive course of study and demonstrate competence by passing a series of eight, college-level examinations in several subject areas including: life insurance, pensions, taxation, finance, economics and business and estate planning. Rigid ethical and experience requirements also must be met. Prerequisites: Bachelor degree plus 2 years of full-time business experience or a minimum of 3 years full-time business experience. Continuing Education: CLU's who matriculated after June 30, 1989 must complete 30 hours every two years. CLU's who matriculated prior to June 30, 1989 are exempt from the continuing education requirement.
- Accredited Investment Fiduciary® (AIF®): Completion of Web-based or Capstone program plus minimum score of 75% on closed book exam. No prerequisite. Continuing Education: 6 hours per year.

## Item 3 - Disciplinary Information

Steve Sloan has no legal or material disciplinary events applicable to this Item.

## Item 4 - Other Business Activities

- Steven Sloan is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Steve may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, variable annuities, variable life insurance, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Steve in this capacity, then he may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Steve Sloan.
- Steven Sloan is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Steven may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Steve, he will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or Steve Sloan.

## Item 5 - Additional Compensation

Steven Sloan receives additional compensation as indicated in Item 4 above.

## Item 6 - Supervision

Steven B. Sloan is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Theresa Branconier**

Year of Birth: 1989

Formal Education After High School:

- Loyola Marymount University, BA Psychology, 2012

Entered Financial Services Industry in 2012

Business Background Previous Five Years:

- Penniall & Associates, Inc., Investment Advisor Representative, 10/2013 – Present  
Retirement Operations and Service, 06/2012 – 10/2013
- United Planners Financial Services, Registered Representative, 10/2013 – Present
- M Advisory Group, Retirement Division Intern 01/2008 – 06/2012

## **Item 3 - Disciplinary Information**

Theresa Branconier has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- Theresa Branconier is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA)
- Theresa Branconier is a licensed insurance agent. As a licensed insurance agent, Theresa may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Theresa, she will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or Theresa Branconier.

## **Item 5 - Additional Compensation**

Theresa Branconier receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Theresa Branconier is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in “Methods of Analysis” in the front section of this brochure.

## **Item 2 - Educational Background and Business Experience**

### **Vanessa Y. Burnett, CFP®**

Year of Birth: 1983

Formal Education After High School:

- University of Southern California, BA Communication, 2005.

Entered Financial Services Industry in 2005

Professional Designations:\*

- Certified Financial Planner™ (CFP®)

Business Background Previous Five Years:

- Penniall & Associates, Inc., Investment Advisor Representative, 03/2009 – Present.  
Account Manager, 03/2008 – 03/2009.
- Pension Architects Advisory Group, LLC, Investment Adviser Representative, 03/2009 – 08/2013.
- United Planners Financial Services, Registered Representative, 10/2009 – Present.  
Registered Assistant, 10/2008 – 10/2009.
- NRP Financial, Inc., Registered Assistant, 03/2008 – 10/2008.
- Mercer Consulting, Associate, 01/2007 – 03/2008.  
Analyst, 09/2005 – 01/2007.

\*Professional Designation Requirements:

- Certified Financial Planner™ (CFP®): Successful completion of CFP-board registered program and successful passing of 2-day closed book exam. Prerequisites: Bachelor degree and minimum 3 years full-time relevant personal financial planning experience. Continuing Education: 30 hours every 2 years.

## **Item 3 - Disciplinary Information**

Vanessa Burnett has no legal or material disciplinary events applicable to this Item.

## **Item 4 - Other Business Activities**

- Vanessa Burnett is associated with United Planners Financial Services (UPFS) as a Registered Representative. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). As a UPFS Registered Representative, Vanessa may offer clients the option to purchase securities and investment products distributed by that firm including, but not limited to, mutual funds, stocks and bonds, and limited partnerships. If a client purchases or sells securities products from Vanessa in this capacity, then she may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Clients are under no obligation to purchase recommended securities products through UPFS or Vanessa Burnett.
- Vanessa Burnett is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Vanessa may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Vanessa, she will receive commission and related compensation such as insurance trail fees as a result of the sale. Clients are under no obligation to purchase recommended insurance products through UPFS or Vanessa Burnett.

## **Item 5 - Additional Compensation**

Vanessa Burnett receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Vanessa Burnett is supervised by David R. Penniall, CFP®, AIF®, who can be reached at 626-795-3062. Investment decisions and directions are made by the P&A Investment Committee as described in "Methods of Analysis" in the front section of this brochure.