



PENNIALL & ASSOCIATES, INC.

Item 1 – Cover Page – James Altenbach

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

Item 2 – Material Changes

Revised February 13, 2017

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

Penniall & Associates, Inc. (“P&A”) reviews and updates our brochure at least annually to confirm that it remains current.

Steven Levin, our former CCO, is no longer with the firm.

Item 4 – Advisory Business: Advisory Assets Under Management decreased due to the spin-off of our Athlete Wealth Management division, which is now a separate but affiliated RIA. Additionally, two advisors left our firm and took retirement plan clients.

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 David Penniall, Chief Compliance Officer at 626-795-3062 or drp@penniall.com. Our Brochure is also available free of charge on our web site WWW.PENNIALL.COM.

Additional information about P&A is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with P&A who are registered, as investment adviser representatives of P&A.

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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, the experience and education of certain P&A personnel and potential conflicts of interest. 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 (also referred to as “IARs” or “Advisors”).

Please contact David Penniall, 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. You can search this site by a unique identifying number, known as a CRD number. The CRD number for P&A is 148282.

Optimal Permanent Portfolio – The Optimal Permanent Portfolio is based on the work of Dr. David Ranson, President and Director of Research of HCWE Worldwide Economics, and is described in detail in his publication Strategic Asset Selector in November 2014.

The Optimal Permanent Portfolio invests in four asset classes: 1) Gold 2) Equities, 3) Long Term Bonds and 4) Commodities (represented by equal weights of copper, corn, cotton and crude oil). The portfolio will invest in the Exchange Traded Funds (ETFs); SPDR Gold Trust (GLD), SPDR S&P 500 ETF Trust (SPY), and the iShares Trust - iShares 20+ Year Treasury Bond ETF (TLT). As for the commodities exposure JJC-Copper, CORN-Corn, BAL-Cotton, and USO-Crude Oil can be used –The strategy is designed to invest in the four classes above at weights optimal to exploit their negative correlations. An equal weight of the above commodities will represent the commodity asset class. A basket of foreign currencies may be used in as a proxy for the above commodities, offering the client a more efficient way to get exposure to the sector. The client will be advised on how to implement this option. An equal weighting of these countries’ currencies priced in USD can be used in place of the above commodities: Canada, France, Germany, Netherlands, Japan, United Kingdom, Sweden, and Switzerland.

Commodity exposure is more challenging to achieve, as no perfect ETF exists (or proxy - see above) that replicates Ranson’s commodity index. We’ve determined that for most investors, the iShares S&P GSCI Commodity Indexed Trust (GSG) ETF can be used for achieving commodities exposure. Although, the GSG ETF, which is based on the GSCI, is not constructed the same as Ranson’s commodities index, it is expected to work fine and is economical and swift for most accounts.

Weightings, Optimization and Re-balancing: At the beginning of each year, the model is re-optimized and produces new weights, which are used to re-balance the portfolio. The portfolio will be re-balanced only once a year, at the beginning of each year, to reflect the new weights. Note that the portfolio may invest mid-year, and rebalance the first week of each new-year, every year thereafter.

TD Ameritrade (“TDA”) provides all custodial and clearing services for the Optimal Permanent Portfolio. Clients will not incur any costs for trading securities and clients may impose any reasonable restrictions or guidelines that P&A may agree to on their accounts

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. 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.

Total Advisory Assets Under Management - As of 12/31/2017, P&A managed \$328,948,023 on a discretionary basis and \$189,108,900 on a non-discretionary basis.

Item 5 – Fees and Compensation

Optimal Permanent Portfolio - The annual advisory fee 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 \$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 | 0.80% |

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. P&A's investment advisory representatives have discretion to negotiate the client's fee within the above range, and the fee arrangement with each client 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 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 of the Account 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.

With client authorization, P&A will instruct the custodian to automatically withdraw our advisory fee from the client's account. Qualified Plan clients may alternatively choose to pay by check. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated. P&A will send an invoice to all clients who choose not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

Payment for HCWE Research – HCWE Worldwide Economics serves as the research advisor for the Optimal Permanent Portfolio strategy. P&A purchases research from HCWE and in return for implementing the Optimal Permanent Portfolio based on this research, P&A pays 20% of the advisory fee collected from those clients to HCWE.

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

Other Fees - For all managed accounts, P&A's advisory fee includes brokerage commissions incurred in connection with transactions placed for accounts. P&A's advisory fee does not include other custodian fees, including transfer fees, margin charges, and/or other miscellaneous transaction related costs, from the assets in the account. These charges are in addition to the fees client pays to P&A.

Where P&A's advisory fee includes brokerage commissions, P&A is responsible for paying any brokerage commissions incurred in connection with transactions placed for accounts. This presents a conflict of interest with clients by giving P&A an incentive to manage accounts and conduct trading in a manner that limits the brokerage commissions incurred.

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. This represents an additional layer of fees that impacts the investment returns. 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 or our associates may receive compensation for the sale of securities or other investment products to clients. See **Item 10 – Other Financial Industry Activities and Affiliations** for additional information on our practices.

General Information on Advisory Services and Fees - 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

Methods of Analysis

Adviser's recommendations will be based on HCWE research, the research advisor for the strategy. The Optimal Permanent Portfolio model will be re-optimized at the beginning of each year, and the resulting weights shall be used at that time to rebalance the portfolio accordingly. The first trading day of the year is best to rebalance, but for liquidity reasons, during the first week can work. The weights regarding the asset allocation to each of the four asset classes will change annually, although it is anticipated not much. The fundamental principle underlying the strategy is diversification and the four asset classes have been selected based on their historical tendency to perform somewhat oppositely from one another. This is called negative correlation and is generally desirable when diversifying an investment portfolio. Note that over shorter periods of time – less than one year – these negative correlations may not always materialize.

The four asset classes – equities, long bonds, gold, and commodities (or foreign cash in place of commodities) are weighted according to HCWE's proprietary research model, which provides the optimal weights for the assets classes used in the Optimal Permanent Portfolio.

Specific Exchange-Traded Funds (ETFs)

The specific ETFs will be monitored and may be changed if their tracking error to the reference asset class is deemed to be significantly higher than an alternative fund. Thus, HCWE may recommend switching an ETF if there is deemed to be a superior alternative.

Rebalancing

Annually, the portfolio's four asset classes will be rebalanced to their new weighting allocation, based on updated optimized model results. Due to differences in performance over the course of each year, the market value of the assets will naturally shift, shifting away from the optimal weights. Should those allocations shift dramatically this could impede the benefits of diversification, therefore, inherent in the Optimal Permanent Portfolio strategy is a process of annual rebalancing so the asset classes will be brought back to the optimal weights.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All risks will be explained to client prior to and subsequent to investing and as a continuing part of client communications. The Penniall Portfolios 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 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 - Portfolios are subject to management risk due to security selection. P&A will monitor the HCWE research, but there can be no assurances that the selected investments will produce the desired results.

Concentrated Portfolios – P&A manages client accounts by investing in a very limited number of securities. Clients should consider that the risk of a concentrated portfolio with limited diversification increases the possibility of substantial losses in the account. Additional risks include depreciation of the portfolio caused by outside events/factors, underperformance of the concentrated stock or sector, and/or deteriorating economic or market circumstances domestically and/or internationally.

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 and Affiliated Firms – In addition to its investment advisory activities, P&A offers health and welfare insurance.

P&A has an affiliated insurance agency, Penniall Management, LLC, a licensed insurance agency which transacts group and individual insurance plans as well as employee benefits and annuities. Penniall Management, LLC, is owned 50% by P&A, with the remaining ownership held by David Penniall and Dennis Grant, the owners of Penniall Holding Company, Inc. Insurance activities are also conducted as Penniall Insurance Services, LLC. Certain associates of P&A are also licensed as insurance agents/brokers through Penniall Insurance Services or various insurance companies. As licensed insurance agents/brokers, these associates may offer insurance products to advisory clients and receive normal and customary commissions if a client makes a purchase. This presents a conflict of interest between P&A associates and the client because these associates may have an incentive to recommend insurance products as a result of the commission. When recommending commissionable products to advisory clients, we have a fiduciary duty to recommend products that are in the best interest of the client regardless of whether we are receiving a commission on the product. Clients are under no obligation to act on any insurance recommendations or place any transactions through these insurance agents/brokers if they decide to follow their recommendations.

P&A is wholly owned by Penniall Holding Company, Inc. ("PHC"). David Penniall is the majority owner of PHC.

PHC owns 50% of AWM Capital, LLC ("AWM"). AWM is an RIA registered with the State of Arizona, is an affiliate of P&A and caters to the financial needs of professional athletes. Fees for these services are separate and apart from the fees P&A charges for advisory services.

David Penniall is the majority owner of Paragon Sports International, LLC. Paragon Sports International, LLC is a related entity that acts as a baseball agency and provides representation services. Fees for these services are separate and apart from the fees P&A charges for advisory services.

David Penniall is the majority owner of The Living Plan, LLC ("TLP"). TLP is a related entity that acts as coordinator for the elderly to ensure their affairs are in good order, organized and accessible to their heirs, power of attorneys or other interested parties. Fees for these services are separate and apart from the fees P&A charges for advisory services.

Joseph Longo, representative of P&A, is associated with an unrelated law practices. P&A also maintains professional relationships with other unaffiliated firms and may have paid or unpaid referral arrangements with these firms. See **Item 14** for additional information.

Registered Representatives of Unaffiliated Broker-Dealer - In addition to their investment advisory activities, P&A's IARs offer retail brokerage services through their affiliation as registered representatives with United Planners Financial Services ("UPFS"). UPFS is a registered broker-dealer and a member of the Financial Industry Regulation Authority ("FINRA") and is not affiliated with P&A. Brokerage products offered through UPFS may include stocks, bonds, mutual funds, ETF's, 529 plans, retirement plans, and other investments. These representatives receive compensation, commissions and/or trailing 12b-1 fees from UPFS for services provided to UPFS's brokerage clients. Should P&A advisory clients implement recommendations through registered representatives of UPFS, the representatives may receive commissions or other transaction-based compensation in addition to the advisory fees P&A receives. This presents a conflict of interest because the representative may have an incentive to recommend UPFS for executing securities transactions or securities for which they receive additional compensation. Commissions paid through UPFS may be higher or lower than at other broker-dealers. Additionally, account maintenance costs and transaction costs may be higher or lower at UPFS than at other broker-dealers. When recommending commissionable products to advisory clients, we have a fiduciary duty to recommend products that are in the best interest of the client regardless of whether we are receiving a commission on the product. If Investment Advisory Representatives, in their separate capacity as registered representatives of 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. Clients are under no obligation to act on any recommendations of these individuals or place any transactions through them or through UPFS if they decide to follow their recommendations.

P&A conducts its investment advisory activities separate and apart from the advisory activities of UPFS; however, P&A's 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. Please note not all P&A advisors are affiliated with UPFS.

Item 11 – Code of Ethics

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 a 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 entities with which P&A has a referral relationship (see **Item 14**).

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 Justin Dyer, Justin@penniall.com or 626-795-3062.

Item 12 – Brokerage Practices

Aggregation of Purchases or Sales: There are occasions on which portfolio transactions may be aggregated to purchase or sell the same security for numerous accounts served by our firm. Although such aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such aggregations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

The Custodian and Brokers We Use: Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Schwab Advisor Services (“Schwab”) or TD Ameritrade Institutional (“TDA”) as the qualified custodian. Both Schwab and TDA are FINRA-registered broker-dealers, members of SIPC. We are independently owned and operated and not affiliated with Schwab or TDA. Schwab or TDA will hold your assets in a brokerage account and buy and sell securities when we/you instruct them to. While we recommend that you use Schwab or TDA as a custodian/broker, you will decide whether to do so and open your account with Schwab or TDA by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab or TDA, we can still use other brokers to execute trades for your account, as described below.

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, by directing brokerage you may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money. Additionally, P&A reserves the right to not accept a client account if the client wishes to select a broker or dealer other than TDA or Schwab.

How We Select Brokers/Custodians: We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for your account);
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Availability of investment research and tools that assist in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- Reputation, financial strength and stability of the provider;
- Their prior service to us and our other clients;
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab)

Your Custody and Brokerage Costs: For our clients’ accounts it maintains, Schwab and TDA generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab or TDA account. TDA and Schwab’s commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain level of our clients’ assets in accounts at each respective custodian. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to the commissions, TDA and Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you may pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have TDA and Schwab execute most trades for your account.

Products and Services Available to Us from TDA: 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 P&A by third party vendors. TDA may also pay 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 EMoney Advisors (reporting aggregator), Morningstar (investment analysis and research) and Orion Advisor Services (portfolio accounting). TDA provides the Additional Services to 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 serves on the TD Ameritrade Institutional Client Experience Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person three times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management.

At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses P&A for the travel, lodging and meal expenses P&A incurs in attending Panel meetings. The benefits received by P&A or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. 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 TD Ameritrade for custody and brokerage services.

Products and Services Available to Us from Schwab: Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business servicing independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a certain amount of our clients' assets in accounts at Schwab. If we have less than the agreed upon amount in clients' assets at Schwab, it may charge us quarterly service fees of \$1,200.00. Following is a more detailed description of Schwab's support services.

Services that Benefit You: Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access to that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You: Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, record keeping and client reporting.

Services that Generally Benefit Only Us: Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Technology, compliance, legal and business consulting;
- Publications and conferences on practice management and business succession; and

- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services: The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a certain amount of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (see How We Select Brokers/Custodians, above) and not Schwab's services that benefit only us. P&A is expected to have well in excess of the minimum in assets under management and does not believe that maintaining the minimum asset amount at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

IARs of P&A who are registered representatives of UPFS are subject to FINRA Conduct Rule 3040, which 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.

Item 13 – Review of Accounts

Account Reviews – Managed accounts will be reviewed internally on a regular basis and 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.

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

Account Reporting - 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 generally provides clients with quarterly performance reports of their managed accounts. Reports may not be provided to clients whose accounts are not charged fees (courtesy accounts) or who have customized portfolios, or as agreed upon with the client.

P&A may also provide financial planning clients with annual updates of their financial situation, as agreed upon with the client.

Item 14 – Client Referrals and Other Compensation

TDA Support Products and Services - As discussed in 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 P&A 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, eMoney and Orion Advisor 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 serves on the TD Ameritrade Institutional Client Experience Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person three times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management.

At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses P&A for the travel, lodging and meal expenses P&A incurs in attending Panel meetings. The benefits received by P&A or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. 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 TD Ameritrade for custody and brokerage services.

Compensation for Client Referrals - P&A or its representatives receive commissions for offering securities and insurance products and placing mortgage loans (purchase, refinance) through a licensed mortgage broker and referral fees for real estate services (purchase, sale, lease) through an affiliated licensed real estate broker. These activities and affiliations are discussed in **Item 10**.

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 per individual or company per year.

P&A may refer clients to unaffiliated professionals for a variety of services, and in turn, these professionals may refer clients to P&A. P&A may receive or pay monetary compensation based on referrals to and from unaffiliated providers. This presents a conflict, in that P&A has an incentive to recommend services of firms who refer clients to P&A or pay P&A for referrals. P&A only refers clients to professionals it believes are competent and qualified in their field; however, it is ultimately the client's responsibility to evaluate the provider. Clients are under no obligation to purchase any products or services through these professionals, and P&A has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by P&A. P&A does not share information with an unaffiliated provider unless first authorized by the client.

P&A maintains a reciprocal referral relationship with Brumm & Associates, Inc. ("Brumm"), an accounting and financial services firm owned by Denis Brumm, who is also an associate of P&A. Through this relationship, clients of Brumm are referred to P&A for advisory related services and clients of P&A are referred to Brumm for tax and accounting services. P&A will receive from Brumm 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 Brumm. Any fees clients pay 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. As compensation for referring clients to P&A for advisory related services, the firm will share 40% of its advisory fees with Brumm on an ongoing basis. P&A and Brumm also maintain a commission sharing arrangement in instances where Brumm refers clients in need of insurance products to the firm.

P&A has a Solicitors Agreement with SullivanCurtisMonroe and UPFS and pays solicitors fees per the terms of said agreements. In each case where a solicitors fee will be paid, the client will be provided a copy of the solicitor's disclosure statement.

P&A maintains a referral relationship with an estate planning attorney, Joseph Longo, who is also an associate of P&A. While P&A does not directly receive compensation for referrals made, P&A does provide services in connection with the referral, including data gathering, and gets paid a fee for these services.

Item 15 – Custody

P&A does not take custody of client accounts and assets. A third party qualified custodian maintains actual custody of client assets. Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct the qualified custodian to deduct our

advisory fees directly from your account. You will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian.

As noted above, P&A does have custody of client funds when clients provide written authorization to deduct our advisory fees directly from client accounts. P&A will observe the safeguards set forth in CCR 260.237 which are as follows:

- P&A has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.
- P&A has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- Each time a fee is directly deducted from a client account, P&A concurrently:
 - Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and
 - Sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

P&A urges you to carefully review those statements and compare them to the periodic reports you receive from P&A. Our reports 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. Clients grant P&A discretionary authority in the contracts they sign. 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. 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 the securities held in the client's account, and P&A will accept authority to vote proxies on behalf of client accounts. 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. Clients may call us if they have questions about a particular solicitation. P&A will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

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.

Item 1 – Cover Page

Brochure Supplement

James Altenbach CFA®

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Pasadena, CA 91101

P.O. Box 7001
Pasadena, CA 91109

626-795-3062

WWW.PENNIALL.COM

March 31, 2018

This Brochure Supplement provides information about the above advisory representatives that supplements the PENNIALL & ASSOCIATES, INC. (herein after referred to as “P&A”) Brochure. You should have received a copy of the Brochure. Please contact us at 626-795-3062 and/or info@penniall.com if you did not receive P&A’s Brochure or if you have any questions about the contents of this Supplement.

Additional information about the individuals above is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Educational Background and Business Experience

James Altenbach CFA®

Year of Birth: 1968

Formal Education After High School:

- California State Los Angeles, Undergraduate Work, Attended 1989 – 1992.

Entered Financial Services Industry in 1992

Professional Designations:*

- Chartered Financial Analyst® (CFA®)

Business Background Previous Five Years:

- Penniall & Associates, Agent/Representative, 11-2011-Present
- Western International Securities Inc., Registered Representative 03/1999-12-2009
- RedChip Companies Inc., Equity Research Analyst 08-2005-03-2009
- South Lake Avenue Securities Corporation, Registered Representative/ Investment Adviser Representative 01/2006-10/2007
- Interfirst Capital Corporation, Registered Representative 06/1992-03/1999

Item 3 - Disciplinary Information

James Altenbach has no legal or material disciplinary events applicable to this Item.

Item 4 - Other Business Activities

- James Altenbach 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, James 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 James in this capacity, then he may receive commissions and related compensation, such as mutual fund service fees (12b-1 fees). Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Altenbach an incentive to recommend investment products based on the compensation received, rather than on the client's needs. Clients are under no obligation to purchase recommended securities products through UPFS or James Altenbach.

Item 5 - Additional Compensation

James Altenbach receives additional compensation as indicated in Item 4 above.

Item 6 - Supervision

James Altenbach 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 or strategy Portfolio Manager as described in "Methods of Analysis" in the front section of this brochure.