



# PENNIALL & ASSOCIATES, INC.

Item 1 – Cover Page

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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](mailto: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](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

**Revised March 31, 2018**

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. Below is a summary of the material changes P&A made since the last annual update on February 16, 2017.

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

Item 4 – Advisory Business: P&A is no longer offering certain managed account programs, including the Legacy Portfolio Wrap Program.

Item 4 – Advisory Business: P&A is no longer offering mortgage lending services.

Item 4 – Advisory Business: P&A is no longer offering multi-family office services.

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](mailto:drp@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 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. Penniall Holding Company, Inc. (hereinafter "PHC") is the owner of P&A. David R. Penniall, Chief Executive Officer of P&A, is the primary owner of PHC.

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 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](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. The non-investment related services provided by P&A may include:

##### Financial Planning Services

- Perform an initial review of your current financial situation
- Recommend solutions for streamlining and controlling finances
- Coordination of bank and other financial industry relationships

##### Budgeting & Cash Flow Management

- Provide tools to create and monitor a financial budget

##### Tax Planning and Preparation Services

- Coordinate tax planning with qualified tax professionals
- Proactively implement sophisticated tax-minimization strategies in investment portfolios that we manage
- Conduct reviews of prior year returns

##### Estate Planning Services

- Present and implement wealth preservation and distribution strategies
- Integrate estate planning strategies with income tax and investment strategies
- Coordinate estate plan documentation with qualified attorney

##### Insurance Analysis and Risk Management

- Coordinate a review all of current insurance policies and make recommendations for cost savings or additional coverage if considered necessary
- Implement insurance recommendations with best practices for securing competitive rates

Certain IAR's of P&A carry the Certified Financial Planner™ (CFP®) designation. 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. Portfolio Management

P&A provides discretionary and non-discretionary portfolio management services to clients through two managed account programs (each referred to as "the Program"). The Programs are provided through brokerage and custodial relationships maintained with qualified custodians. In addition, P&A may offer some of the strategies below to participants in employer-sponsored retirement plans. These plans are maintained by the plan custodian or recordkeeper and P&A may offer advice on allocating such accounts.

The Program recommended to the client will be based upon the client's stated risk tolerance, time horizon, investment objectives and other relevant information provided by the client (collectively, "Financial Data"), 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 a qualified custodian ("Account") based on one of P&A's 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.

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.

Clients may engage P&A to manage the client's participant account in an employer sponsored retirement plan. P&A will manage the participant's account using our Model Portfolios and will monitor and report on the accounts using our portfolio reporting software.

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 Account for a client ("Non-managed Securities"). P&A will not have discretionary authority over the Non-managed Securities.

1. **The Penniall Portfolios** – The Penniall Portfolios are P&A's proprietary asset allocation model portfolios, comprised of load-waived and no-load mutual funds. The Penniall Portfolios are managed according to various risk tolerance levels (e.g., preservation of capital, conservative, balanced, growth and aggressive growth).
2. **The Legacy Portfolios** – The Legacy Portfolios are P&A's proprietary asset allocation model portfolios, comprised of load-waived and no-load mutual funds. The Legacy Portfolios are managed according to various risk tolerance levels (e.g., preservation of capital, conservative, balanced, growth and aggressive growth).

The Legacy Portfolios used to be offered under a wrap fee program ("Legacy Portfolio Wrap Program"). The wrap fee program is no longer offered. For accounts in the Legacy Portfolios wrap fee program, clients will not incur any costs for trading securities. There was no difference in how the wrap fee program accounts were managed. P&A received a portion of the wrap fee for our services.

For non-wrap accounts in the Legacy Portfolio and Penniall Portfolios, the client is responsible for trading costs incurred in connection with transactions in the account.

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

P&A offers various levels of advisory and consulting services to employee benefit plans ("Plans") and to the participants of such plans ("Participants") through its Penniall Retirement Advisors division. 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 also 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 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 Plan 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 will 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, P&A 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 P&A 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, 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 12/31/2017, P&A managed \$328,948,023 on a discretionary basis and \$189,108,900 on a non-discretionary basis.

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

**Consulting Services/Financial Planning** - Financial consulting services are offered on either a flat or hourly fee basis through P&A. 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 \$1,200, 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, Legacy Portfolio Fees** - The annual advisory fee for the Penniall and Legacy Portfolio models is subject to negotiation, but is generally set based on the assets under management.

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. The prorated fees calculated for large intra-quarter flows are withdrawn from or credited to fee paying accounts in proportion to each account's respective percentage within the total managed portfolio. 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 plus withdrawals and additions in excess of \$25,000 during the 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. When it is deemed to be beneficial to the client or at the direction of the client, P&A will master bill one account for advisory fees from other accounts that are managed. 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.

When managing participant accounts in employer-sponsored retirement plans clients will have other accounts at P&A where P&A has the ability to withdraw fees. The fees for this managing participant accounts will be master billed from another P&A account per the investment advisory agreement. Clients will receive an itemized billing statement upon request.

The client may terminate the investment management agreement (the "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. Termination of the Agreement will not affect (i) the validity of any action previously taken by P&A under the Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of the Agreement; or (iii) the client's obligation to pay P&A fees that have already been earned under the Agreement. Upon the termination of the Agreement, P&A will not have any continuing obligation to take any action.

Additional information about 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.

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 receives and signs.

**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 \$1,200.

The Advisory Fee for plan level services can be billed each calendar quarter (1/4 of annual rate) or monthly (1/12 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 period as valued by the custodian. The Advisory Fee for the initial period shall be calculated on a pro rata basis commencing on the day the assets are initially designated for management.

The client may terminate the retirement plan services agreement ("Plan Agreement") within five days of the date of acceptance without penalty to the client. After the five-day period, either party may terminate the Plan Agreement by providing 30 days prior written notice to the other party, and P&A shall be entitled to a pro-rata amount of compensation. Termination of the Plan Agreement will not affect (i) the validity of any action previously taken by P&A under the Plan Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of the Plan Agreement; or (iii) the client's obligation to pay P&A fees that have already been earned under the Plan Agreement. Upon the termination of the Plan Agreement, P&A will not have any continuing obligation to take any action.

**Other Fees** – For all Legacy Portfolios, in the past P&A's advisory fee included brokerage commissions incurred in connection with transactions placed for accounts. Presently, clients who are invested in the Legacy Portfolios are responsible for paying brokerage commissions. For Penniall Portfolios, clients are responsible for paying brokerage commissions. P&A's advisory fee for all accounts 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**

### **a. Legacy Portfolios**

#### **1. Methods of Analysis**

P&A's recommendations and Model Portfolios will be based on internal analysis, research reports and analysis, and other third party technology-based tools to analyze the performance of mutual funds, exchange-traded funds, stocks and bond. 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 Orion and Morningstar 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.

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.

## **2. 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.

**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. All managed employer sponsored retirement accounts will be customized portfolios based upon the available investments

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.

## **3. Investment Risk**

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.

**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. Penniall Portfolios**

#### **1. Methods of Analysis & Monitoring/Reporting**

Penniall Portfolios are proprietary asset allocation model portfolios, comprised of no-load mutual funds, exchange traded funds, closed-end funds and individual equities. The portfolios are managed according to various risk tolerance levels such as but not limited to conservative, moderate, moderate aggressive types.

## **2. 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.

**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. All managed employer sponsored retirement accounts will be customized portfolios based upon the available investments

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.

## **3. Investment Risk**

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.

**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.

## **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, 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 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](mailto: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 that Schwab and TDA 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.

P&A seeks to ensure that our client’s accounts receive the best overall execution for securities transactions from Schwab and TDA by continuing to monitor and review the best execution capability of each custodian. When assessing the best execution capability, P&A will consider the following factors: quality of overall execution services provided by the broker-dealer; Promptness of execution; Provide dedicated telephone lines; Creditworthiness and business reputation of the broker-dealer; Research (if any) provided by the broker-dealer; and overall execution quality among other factors. To the extent that Schwab or TDA’s best execution capability does not appear to meet the quality of best execution on a consistent basis, P&A would look to remove and replace such custodian. With respect to best execution and mutual funds with multiple share classes, P&A will review a client’s unique circumstances to make sure the share class selected is in the client’s best interest and the total cost to the client is the lowest possible given the unique circumstances of the client.

**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 Legacy Portfolios, Penniall Portfolios and Managed Employer-Sponsored Retirement Plans 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 generally provides retirement plan clients with investment monitoring reports on a quarterly basis. Annual fee benchmarking reports are provided upon request or as needed.

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 Institutional's customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. 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 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. 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 referral relationship with Brumm & Associates, Inc. ("Brumm"), an accounting and financial services firm owned by Denis Brumm. 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.

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 physical custody of client accounts and assets. A qualified custodian maintains actual custody of client assets. However, under government regulations, we are deemed to have custody of your assets if you authorize us to instruct a qualified custodian to deduct our advisory fees directly from your account. You will receive account statements directly from the qualified custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian.

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.

## Brochure Supplement

### Item 1 – Cover Page

David R. Penniall, CFP®, AIF®

Alex Leu

Anne Averill, CFA®

Brian R. Tinker, CFP®, AIF®

Devon Nick

Emily A. Velasco, CFP®

Jaime G. Hefner, BCAA

Justin Dyer, CFA®, CFP®

Sarah A. Brace, RP®

Steven B. Sloan, CLU®, AIF®

Tammy Lee, CFP®

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)

June 1, 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](mailto: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](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/President/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. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Penniall an incentive to recommend investment products based on the compensation received, rather than on the client's needs. 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. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Penniall 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 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. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Penniall an incentive to recommend investment products based on the compensation received, rather than on the client's needs. 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.
- David Penniall is the majority owner of The Living Plan with involvement in overseeing the internal operations of the company. The Living Plan is a full service end of life coordinator. Clients of The Living Plan are under no obligation to utilize any of the other services offered by David Penniall.
- David Penniall is the majority owner of Penniall Holding Company.

## Item 5 - Additional Compensation

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

## **Item 6 - Supervision**

David R. Penniall, CFP®, AIF® is the Chief Executive Officer of P&A and is not supervised by any other individual. To the extent required by P&A's Code of Ethics, Justin Dyer, the Chief Operating Officer, helps administer P&A's compliance program and reviews David Penniall's personal trading activities. David Penniall can be reached at 626-795-3062.

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

### **Alex Leu**

Year of Birth: 1982

Formal Education After High School:

- University of Arizona, Bachelor of Arts degree in Communications and minor in Business Finance 2004.

Entered Financial Services Industry in 2005

Business Background Previous Five Years:

- Penniall & Associates, Inc., Investment Advisor Representative, 04/2016- Present
- Creative Planning, Investment Advisor Representative, 10/2013-04-2016
- New England Securities, Registered Representative, 04/2009-10/2013
- Charles Schwab & Co., Inc. Financial Consultant, 11/2005 – 02/2009.
- Morgan Stanley DW Inc., Financial Advisor, 05/2004-10/2005

## **Item 3 - Disciplinary Information**

Alex Leu has no legal or material disciplinary events applicable to this Item.

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

- Alex Leu is a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Alex may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Alex, he will receive commission and related compensation such as insurance trail fees as a result of the sale. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Leu has 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 insurance products through Alex Leu.

## **Item 5 - Additional Compensation**

Alex Leu receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Alex Leu 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.

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

### **Anne Averill, CFA®**

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:\*

- Chartered Financial Analyst® (CFA®)

Business Background Previous Five Years:

- AWM Capital, LLC, Chief Investment Officer, 03/2017 – Present.
- Penniall & Associates, Inc., Chief Investment Officer, 1/2016 – Present.
- Penniall & Associates, Inc., Portfolio Analyst, 08/2010 – 12/2016.
- Marriott International, Finance and Accounting, 10-2008 – 08-2010.

Professional Designation Requirements:

- 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.

## **Item 3 - Disciplinary Information**

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

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

- Anne Averill is the Chief Investment Officer for Penniall & Associates, Inc. ("P&A") and serves an analogous role at AWM Capital, LLC ("AWM"). Both firms utilize nearly identical methodologies however the Investment Committee decision making is separate. Ms. Averill dedicates approximately 20% of her time to AWM, however, this conflict is mitigated by the significant overlap in the work performed.

## **Item 5 - Additional Compensation**

Anne Averill receives compensation for services performed for AWM.

## **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 or strategy Portfolio Manager 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). Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Tinker 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 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. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Tinker 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 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 or strategy Portfolio Manager as described in "Methods of Analysis" in the front section of this brochure.



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

### **Devon Nick**

Year of Birth: 1989

Formal Education After High School:

- University of Southern California – Bachelor of Arts in Economics (2011)

Entered Financial Services Industry in 2012

Professional Designations:\*

- Chartered Financial Analyst® (CFA®) Level II Candidate

Business Background Previous Five Years:

- Penniall & Associates, Inc. – Investment Analyst – 10-2012 – Present.

\*Professional Designation Requirements:

- 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.

## **Item 3 - Disciplinary Information**

Devon Nick has no legal or material disciplinary events applicable to this Item.

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

Devon Nick has no other business activities.

## **Item 5 - Additional Compensation**

Devon Nick receives no additional compensation.

## **Item 6 - Supervision**

Devon Nick 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.

## **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, Investment Advisor Representative, 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 she will 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 Ms. Velasco 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 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 or strategy Portfolio Manager 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., Investment Advisor Representative, 07/2004 - Present.
- Penniall & Associates, Inc., Chief Operating Officer, 04/2013 – 03/2016.
- 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). Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Ms. Hefner 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 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 or strategy Portfolio Manager as described in "Methods of Analysis" in the front section of this brochure.

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

### **Justin M. Dyer, CFA®, CFP®**

Year of Birth: 1983

Formal Education After High School:

- University of California Santa Cruz, BA. Economics, 2003

Entered Financial Services Industry in 2007

Professional Designations:\*

- Certified Financial Analyst™ (CFA®)
- Certified Financial Planner™ (CFP®)

Business Background Previous Five Years:

- Penniall & Associates, Inc., Chief Operating Officer, 11/2016 - Present.
- Waypoint Wealth Partners, Wealth Manager and Co-Chief Investment Officer, 09/2013-11/2016
- REM Advisors, Financial Advisor, Research Analyst and Portfolio Manager, 11/2007-09/2013

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.
- 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.

## **Item 3 - Disciplinary Information**

Justin Dyer has no legal or material disciplinary events applicable to this Item.

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

Justin has no other business activities.

## **Item 5 - Additional Compensation**

Justin receives no additional compensation.

## **Item 6 - Supervision**

Justin Dyer 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.

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

### **Sarah A. Brace, RP®**

Year of Birth: 1962

Formal Education After High School:

- Woodbury University, BSBA - Finance, 1993 - 1995.
- Pasadena City College, General Education, 1988 -1993.

Entered Financial Services Industry in 1985

Professional Designations:\*

- Registered Paraplanner®

Business Background Previous Five Years:

- Penniell & Associates, Inc., Associate Wealth Manager, 04/2013 - Present  
Chief Compliance Officer, 06/2010 – 04/2013  
Director of Client Services 01/1990 – 12/2010.
- United Planners Financial Services, Registered Assistant, 10/2009 - Present.
- NRP Financial, Inc., Registered Representative, 07/2008 - 10/2009.
- AIG Financial Advisors, Inc., (formerly SunAmerica Securities) Registered Representative, 07/2000 - 07/2008.

Professional Designation Requirements:

- Registered Paraplanner<sup>SM</sup> (RP®) Completion of 10-module course and closed book final exam, completion of 3 month internship in financial services. Continuing Education: 16 hours every 2 years.

## **Item 3 - Disciplinary Information**

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

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

- Sarah Brace is associated with United Planners Financial Services (UPFS) as a Registered Assistant. UPFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). She receives no additional compensation from this association.
- Sarah Brace is a Notary Public. She does not charge fees for this service and performs notarial acts as an accommodation for clients Notary
- Sarah Brace is a licensed Real Estate Agent and Mortgage Loan Officer and 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 Sarah Brace.

## **Item 5 - Additional Compensation**

Sarah Brace receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Sarah Brace is supervised by David R. Penniell, 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, Inc., 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. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Sloan an incentive to recommend investment products based on the compensation received, rather than on the client's needs. 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. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Mr. Sloan 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 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 or strategy Portfolio Manager as described in "Methods of Analysis" in the front section of this brochure.

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

### **Tammy Lee, CFP®**

Year of Birth: 1982

Formal Education After High School:

- University of California, Irvine. B.A., English and Asian American Studies.
- University of California, Los Angeles, Certificate of Personal Financial Planning.

Entered Financial Services Industry in 2005

Professional Designations:\*

- Certified Financial Planner™ (CFP®)

Business Background Previous Five Years:

- Penniall & Associates, Investment Advisor Representative, 01/2015 – Present.
- United Planners Financial Services, Registered Representative, 01/2015 – Present.
- F500 Advisory Services, Inc., Senior Financial Planner 2013 – 12/2014, Operations Manager 2005 – 12/2014

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**

Tammy Lee has no legal or material disciplinary events applicable to this Item.

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

- Tammy Lee 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, Tammy 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 Tammy in this capacity, then she will 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 Ms. Lee 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 Tammy Lee.

## **Item 5 - Additional Compensation**

Tammy Lee receives additional compensation as indicated in Item 4 above.

## **Item 6 - Supervision**

Tammy Lee 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.

## 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). Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Ms. Burnett 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 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. Receipt of commissions and sales-based compensation creates a conflict of interest because it gives Ms. Burnett 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 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 or strategy Portfolio Manager as described in "Methods of Analysis" in the front section of this brochure.