



PENNIALL & ASSOCIATES, INC.

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December 14, 2018

This Brochure provides information about the qualifications and business practices of PENNIALL & ASSOCIATES, INC., herein after referred to as “P&A”. If you have any questions about the contents of this Brochure, please contact us at 626-795-3062 and/or info@penniall.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Item 2 - Material Changes

Revised December 14, 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 March 31, 2018.

Item 4 – Advisory Business: P&A is no longer offering Advisory Services To Retirement Plans.

Item 4 – Advisory Business: Advisory Assets Under Management decreased due to the spin-off of our Penniall Retirement Advisors division, which is now a separate but affiliated RIA called Retirement Wellness Group.

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

Currently, our Brochure may be requested by contacting David Penniall, Chief Compliance Officer at 626-795-3062 or drp@penniall.com. Our Brochure is also available free of charge on our web site WWW.PENNIAL.COM.

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

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Item 4 – Advisory Business

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

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

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

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; assessing prospects for client success/failure with current plan; develop and present recommendations which might include changes to the current strategy; determining implementation responsibilities; determining monitoring responsibilities.

In addition to comprehensive financial planning, P&A may provide consulting on specific issues with a limited scope.

b. Investing for Income

Income portfolios consist of a mix of bonds, preferred stocks, high quality dividend-paying common stocks, master limited partnerships, royalty trusts, REIT's and other investments with the allocation representing a balance between growing income and capital preservation. The income strategies are opportunistic and seek to meet the client's income needs while minimizing risk. The income strategies may be managed on a discretionary or non-discretionary basis according to client preference.

c. Investing for Growth

Portfolios will typically be concentrated in 8-12 core holdings. This will typically account for 60-70% of the total portfolio. The portfolios are actively managed and in rare instances may be hedged with a short position when overall near-term market risk is perceived to be unacceptably high.

The core holdings will consist of large-cap companies that we feel are well-positioned in their industries for the long-term. Typically, they operate in essential economic sectors, which is critical to these companies being able to weather economic hardships. These are mostly capital-intensive companies that generate robust cash flow from operations and manage that cash prudently, companies that also have reasonable debt structures and a history of rising dividends. Finally, companies are purchased when they are at attractive valuations relative to their peer group.

The non-core holdings depend on the market environment and could include most other securities valued favorably for short-term gain. These sometimes become long-term holdings that may replace another core holding or require a rebalancing among the core holdings to free up “space” in the portfolio. As with the core holdings, quality and reasonable valuation is what matters. Tax impact of the change is also taken into consideration.

All managed growth accounts are benchmarked against the S&P 500 for risk-return performance evaluation. Trading is performed via block trading where buys and sells are consolidated into one trade for efficiency and, in the case of buys, allocated as close as possible on the same percentage of account basis for each account. Under this procedure, transactions will be averaged as to price and transaction costs and will be allocated among P&A's clients in proportion to the purchase and sale orders placed for each client account on any given day. If P&A cannot obtain execution of all the combined orders at prices or for transactions costs that P&A believes are desirable, P&A will allocate the securities P&A does buy or sell as part of the combined orders on a pro rata basis.

Total Advisory Assets Under Management - As of 11/30/2018, P&A had assets under advisement of \$330,350,813 on a discretionary basis and \$88,804,988 on a non-discretionary basis.

Item 5 – Fees and Compensation

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

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

Income Portfolio / Growth Portfolio - The annual advisory fee for the Programs is subject to negotiation, but are generally set based on the assets under management according to the tiered fee schedule as described below:

Account Value Maximum Advisory Fee

First \$99,999	2.50%
\$100,000 --- \$249,999	2.00%
\$250,000 --- \$499,999	1.75%
\$500,000 --- \$1,999,999	1.50%
\$2,000,000 --- \$4,999,999	1.25%
Over \$5,000,000	0.80%

The advisory fee is payable quarterly in advance and blended based on the assets under management. The advisory fee is calculated by applying the applicable advisory fee rate to the assets in each tier of the fee schedule. P&A's investment advisory representatives have discretion to negotiate the client's fee within the above range, and the fee arrangement with each client will be fully disclosed in the Investment Management Agreement each client is required to enter into with P&A.

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

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

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

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

Where P&A's advisory fee includes brokerage commissions, P&A is responsible for paying any brokerage commissions incurred in connection with transactions placed for accounts. This presents a conflict of interest with clients by giving P&A an incentive to manage accounts and conduct trading in a manner that limits the brokerage commissions incurred. For the Penniall Portfolios, P&A limits our recommendations to no-transaction fee mutual funds that incur no brokerage commissions. Due to the breadth of no-transaction fee funds available, we believe that this does not meaningfully restrict our portfolio management options and mitigates the conflict.

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

P&A or our associates may receive compensation for the sale of securities or other investment products to clients. See **Item 10 – Other Financial Industry Activities and Affiliations** for additional information on our practices.

General Information on Advisory Services and Fees - Although P&A believes its advisory fees are competitive, lower fees for comparable services may be obtained from other sources. All fees are subject to negotiation.

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

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

Item 7 – Types of Clients

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

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

Methods of Analysis

Adviser's recommendations and Model Portfolios will be based on internal analysis, external research reports and analysis and technology-based tools used to analyze the performance of mutual funds and other securities. P&A provides to the advisor commercial software packages in advisory services to clients.

The investment process employed by the advisor first assesses the economic environment from the top-down. It is important to first form an overall perspective of the economy and financial markets before selecting investments. P&A and the Investment Committee provide ongoing analysis and forecasting internally supplemented by the advisor's own research and analysis on individual companies and securities which is culled from many sources. The goal is to identify thematic trends, determine how those trends will impact portfolios, and make any adjustments deemed prudent. The development of an economic perspective is a dynamic process that is consistently revised based upon changes in the economy and financial markets.

The following are five major asset classes that are included in recommended portfolios:

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 – common shares of American-based companies ranging from small to large in size including Master Limited Partnerships.

International Equity – common shares of mostly foreign companies but could include American-based multi-National companies ranging from small to large in size.

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 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 (adviser) and Investment Committee to focus on the conversion of beta (risk) into alpha (reward).

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. The unique component in the analysis is the focus on performance over a relevant time period. Rather than focus on a calendar-specific time period, the focus is based upon market cycles. For example, when searching for an

investment to be used when our outlook is bullish, the focus would be on an up-market time period. The overall goal is to identify investments that achieve an appropriate amount of reward for the level of risk taken.

Investment Strategies/Monitoring/Reporting

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

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

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

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

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

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

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

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

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

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

A second difference is in the monitoring of these custom portfolios. Since these portfolios are customized on an individual client basis, the performance will differ from the standard portfolios. On a quarterly basis, the performance of each custom portfolio will be compared to its corresponding model portfolio. For example, a custom Balanced portfolio will be compared to the performance of the standard Balanced

portfolio. If the performance of the custom portfolio is within an acceptable range, no additional analysis will be deemed necessary. However, if the custom portfolio is outside an acceptable range, additional analysis will be performed to determine why the custom portfolio out-performed or under-performed the model portfolio. Changes to the allocations or individual holdings in the custom portfolio may be deemed necessary based upon this analysis.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All risks will be explained to client prior to and subsequent to investing and as a continuing part of client communications. The Penniall Portfolios program will invest primarily in mutual fund shares which are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

Asset Allocation - P&A's ability to achieve its investment goal depends greatly upon the asset allocation 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 - 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.

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

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

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

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

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

PHC owns 50% of AWM Capital, LLC ("AWM"). AWM is an RIA registered with the SEC, 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.

PHC owns 50% of Retirement Wellness Group, LLC ("RWG"). RWG is an RIA registered with the SEC, is an affiliate of P&A and caters to the financial needs of Qualified Plan Sponsors and Participants within the Plan. 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"), dba Honed In, LLC. 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.

P&A also maintains professional relationships with other unaffiliated firms and may have paid or unpaid referral arrangements with these firms. See **Item 14** for additional information.

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

P&A conducts its investment advisory activities separate and apart from the advisory activities of UPFS; however, P&A's IAR's are Registered Representatives of UPFS, which necessitates that UPFS keep and maintain certain records and perform other compliance functions in relation to the advisory activities of P&A. These obligations require UPFS to coordinate with and have the cooperation of certain custodians and/or broker-dealers. Accordingly, UPFS has established a list of custodian or brokerage firms in which P&A client assets may be placed, and P&A client custodial choices will be limited to that list. Please note not all P&A advisors are affiliated with UPFS.

Item 11 – Code of Ethics

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

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

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

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

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

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

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

P&A requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

Any individual not in observance of the above may be subject to termination.

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

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

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

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

The firm does not disclose any non-public information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, the firm may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. The firm may also share client information where the client is receiving services from entities with which P&A has a referral relationship (see **Item 14**).

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

P&A's clients or prospective clients may request a copy of the firm's Privacy Policies by contacting Justin Dyer, Justin@penniall.com or 626-795-3062.

Item 12 – Brokerage Practices

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

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

Although P&A does not have the authority to determine the broker dealer or dealer used in executing client transactions without obtaining specific client consent, certain programs that P&A sponsors do require the use of certain brokers to execute transactions. There is no requirement that a client use such broker as P&A recommends, however, by directing brokerage you may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money. Additionally, P&A reserves the right to not accept a client account if the client wishes to select a broker or dealer other than TDA or Schwab.

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

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for your account);
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);

- Availability of investment research and tools that assist in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- Reputation, financial strength and stability of the provider;
- Their prior service to us and our other clients;
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab)

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

Products and Services Available to Us from TDA: There is no direct link between P&A's participation in the TDA Institutional program and the investment advice it gives to its clients, although P&A receives economic benefits through its participation in the program that are typically not available to TDA retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to P&A by third party vendors. TDA may also pay for business consulting and professional services received by P&A's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for P&A personnel to attend conferences or meetings relating to the program or to TDA's advisor custody and brokerage services. Some of the products and services made available by TDA through the program may benefit P&A but may not benefit its client accounts. These products or services may assist us in managing and administering our client accounts, including accounts not maintained at TDA. Other services made available by TDA are intended to help us manage and further develop its business enterprise. The benefits received by P&A or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TDA. Clients should be aware, however, that the receipt of economic benefits by P&A or its related persons in and of itself creates a potential conflict of interest and may indirectly influence P&A's recommendation of TDA for custody and brokerage services. No ERISA accounts are custodied at TDA therefore no prohibited transactions exist per ERISA Rule 406.

P&A also receives from TDA certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include payment coverage for EMoney Advisors (reporting aggregator) and Orion Advisor Services (portfolio accounting). TDA provides the Additional Services to P&A in its sole discretion and at its own expense, and P&A does not pay any fees to TDA for the Additional Services. P&A and TDA have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

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

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

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

however, that the receipt of economic benefits by P&A or its related persons in and of itself creates a potential conflict of interest and may indirectly influence P&A's recommendation of TD Ameritrade for custody and brokerage services.

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

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

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

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

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

- Educational conferences and events;
- Technology, compliance, legal and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

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

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

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

Item 13 – Review of Accounts

Account Reviews – Managed accounts will be reviewed internally on a regular basis and rebalanced as required. For non-qualified accounts, the firm may tax harvest at any time on an as needed basis. Reviews are conducted by IARs of the firm.

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

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

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

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

Item 14 – Client Referrals and Other Compensation

TDA Support Products and Services - As discussed in Item 12 above, P&A participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between P&A's participation in the TDA Institutional program and the investment advice it gives to its clients, although P&A receives economic benefits through its participation in the program that are typically not available to TDA retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to P&A by third party vendors. TDA may also have paid for business consulting and professional services received by P&A's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for P&A personnel to attend conferences or meetings relating to the program or to TDA's advisor custody and brokerage services. Some of the products and services made available by TDA through the program may benefit P&A but may not benefit its client accounts. These products or services may assist us in managing and administering our client accounts, including accounts not maintained at TDA. Other services made available by TDA are intended to help us manage and further develop its business enterprise. The benefits received by P&A or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TDA. Clients should be aware, however, that the receipt of economic benefits by P&A or its related persons in and of itself creates a potential conflict of interest and may indirectly influence P&A's recommendation of TDA for custody and brokerage services. No ERISA accounts are custodied at TDA therefore no prohibited transactions exist per ERISA Rule 406.

P&A also receives from TDA certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include payment coverage for Morningstar, eMoney and Orion Advisor Services. TDA provides the Additional Services P&A in its sole discretion and at its own expense, and P&A does not pay any fees to TDA for the Additional Services. P&A and TDA have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

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

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

At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses P&A for the travel, lodging and meal expenses P&A incurs in attending Panel meetings. The benefits received by P&A or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by P&A or its related persons in and of itself creates a potential conflict of interest and may indirectly influence P&A's recommendation of TD Ameritrade for custody and brokerage services.

Compensation for Client Referrals - P&A or its representatives receive commissions for offering securities and insurance products. These activities and affiliations are discussed in *Item 9*.

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.

Brumm Financial Services, LLC ("BFS") serves as a Solicitor to P&A under SEC Rule 206(4)-3. P&A will share with BFS a portion, up to 40%, of Advisory Fees collected from clients referred by BFS to P&A.

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.

Item 1 – Cover Page

Brochure Supplement

Philip V. Boucher

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Pasadena, CA 91101

P.O. Box 7001
Pasadena, CA 91109

626-795-3062

WWW.PENNIALL.COM

December 14, 2018

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

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

Item 2 - Educational Background and Business Experience

Philip V. Boucher

Year of Birth: 1953

Formal Education After High School:

- Boston University, Boston, MA, MBA, 1980.
- University Massachusetts, BS-BA Accounting and Finance, 1976.

Entered Financial Services Industry in 1992

Business Background Previous Five Years:

- Penniall & Associates, Investment Advisor Representative, 03/2010 – Present.
- United Planners Financial Services, Registered Representative, 03/2010 – Present.
- Western International Securities, Inc., Registered Representative, 1/2006 - 03/2010.
- Smith Barney, Inc., Registered Representative, 11/1992 - 01/2006.

Item 3 - Disciplinary Information

Philip Boucher has no legal or material disciplinary events applicable to this item.

Item 4 - Other Business Activities

- Philip V. Boucher is also 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, Phil 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 Phil in this capacity, then he 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 Mr. Boucher 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 Philip V. Boucher.
- Philip V. Boucher is also a licensed insurance agent appointed with various insurance companies. As a licensed insurance agent, Phil may offer investment advisory clients the option to purchase insurance products. If a client purchases insurance products through Phil, 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. Boucher 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 Philip V. Boucher.

Item 5 - Additional Compensation

Philip Boucher receives additional compensation as indicated in Item 4 above..

Item 6 - Supervision

Philip Boucher 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.