

**Form ADV Part 2A – Firm Brochure  
Item 1: Cover Page  
March 2015**

**Core Financial Advisors  
1918 Business Center Drive, Suite 110  
San Bernardino, CA 92408  
[www.cfaonline.com](http://www.cfaonline.com)**

**Firm Contact:  
Andrew Boyd  
Chief Compliance Officer**

**Firm Website Address:  
[www.CFAonline.com](http://www.CFAonline.com)**

This brochure provides information about the qualifications and business practices of Core Advisors, LLC doing business as Core Financial Advisors. If you have any questions about the contents of this brochure, please contact us by telephone at (909) 382-4545, toll free at (888) 410-7900, or email [andy@cfaonline.com](mailto:andy@cfaonline.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.

Additional information about Core Financial Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Core Financial Advisors and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Core Financial Advisors is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Since our last annual amendment filed on 03/25/2014, Core Financial Advisors has made the following changes:

- We no longer offer a Wrap Fee Program.
- We now offer a Portfolio Monitoring Service, which is further described in Items 4 and 5 below.

### Item 3: Table of Contents

<b><u>Section:</u></b>	<b><u>Page(s):</u></b>
Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	4
Item 5: Fees & Compensation.....	6
Item 6: Performance-Based Fees & Side-By-Side Management.....	8
Item 7: Types of Clients & Account Requirements .....	8
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss .....	8
Item 9: Disciplinary Information.....	9
Item 10: Other Financial Industry Activities & Affiliations.....	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.....	10
Item 12: Brokerage Practices .....	12
Item 13: Review of Accounts or Financial Plans.....	15
Item 14: Client Referrals & Other Compensation.....	16
Item 15: Custody.....	16
Item 16: Investment Discretion.....	17
Item 17: Voting Client Securities.....	17
Item 18: Financial Information.....	17

## Item 4: Advisory Business

We specialize in the following types of services: Comprehensive Portfolio Management, Financial Consulting, Pension Consulting, and Portfolio Monitoring. Our assets under management are \$124,809,907 as of December 2014.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of California. Our firm has been in business as an investment adviser since 2013 and is owned by and Andrew Boyd and Robert Boyd.

### A. Description of the Types of Advisory Services We Offer.

#### (i) Comprehensive Portfolio Management:

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### (ii) Financial Consulting:

We provide a variety of financial consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This consultation may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Education Planning, Corporate and Personal Tax Planning, Insurance Analysis, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education programs. It should also be noted that we may refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For financial consulting engagements, we may provide our clients with a

written summary of our observations and recommendations. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

(iii) Pension Consulting:

We provide pension consulting services to employer plan sponsors on an on-going or one-time basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

(iv) Portfolio Monitoring:

Our Portfolio Monitoring Service provides for safekeeping/housekeeping of assets on behalf of clients with no on-going supervision, trading, or discretion with respect to securities transactions. Clients are responsible for placing and executing their own trades, either on their own or with another investment adviser. Clients may also contact Core Financial for assistance placing and executing trades. We provide non-continuous and periodic outside account monitoring.

B. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management service. Additionally, we offer general investment advice to clients utilizing our Financial Consulting, Portfolio Monitoring, and Pension Consulting services.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Comprehensive Portfolio Management service. We do not manage assets through our other services.

C. Participation in Wrap Fee Programs.

We do not offer wrap fee programs.

D. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of December 2013.

We manage \$82,998,588 on a discretionary basis and \$41,811,319 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

A. Description of how we are compensated for our advisory services provided to you.

(i) Comprehensive Portfolio Management:

The maximum fee that may be charged for assets under management is 1.50%. The ultimate fee is based on the scope of the engagement and the complexity of the client's circumstance. The asset management fees will be listed on Schedule A of the client agreement. Our firm's fees are billed quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees are negotiable depending on the client's circumstance.

(ii) Financial Consulting:

We charge on an hourly or flat fee basis for financial consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with the client. Our hourly fee is \$100 with a maximum fee of \$1,000.

(iii) Pension Consulting:

We charge on an hourly or flat fee basis for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with the client. Our hourly fee is \$100 and our flat fees will be up to \$1,000. Flat fees will be charged annually for ongoing pension consulting services.

(iv) Portfolio Monitoring

On an annualized basis, our firm's fee for continuous portfolio monitoring services is 0.25%. The minimum fee for this services is \$250. On occasion, fees are negotiable. Our firms' fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the quarter.

B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.

(i) Comprehensive Portfolio Management:

Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms. We send our invoice directly to the custodian;
- c) If we send a copy of our invoice to you, it will include a legend urging you to compare information provided in our statement with those from the qualified custodian;
- d) We use the custodian statement of market value to calculate quarterly fees for your account. It is the client's responsibility to ensure that the fee deducted from the client's account by the qualified custodian is the correct amount.

\*In rare cases, we will agree to directly bill clients.

(ii) Financial Consulting:

We do not require a retainer of the total financial consulting fee.

(iii) Pension Consulting:

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

(iv) Portfolio Monitoring:

We will directly bill you for our portfolio monitoring service. Our bill is due and payable within thirty (30) days.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

D. We must disclose if client's advisory fees are due quarterly in advance. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

#### E. Commissionable Securities Sales.

In order to sell securities for a commission, our supervised persons are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
  - a) when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
  - b) when recommending commissionable mutual funds, explaining that "no-load" funds are also available.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

We may offer certain qualified clients trading services which gives our firm the ability to execute trades through PKS of client assets custodied at Schwab.

### **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not accept performance-based fees.

### **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$100,000 for our Comprehensive Portfolio Management service. Generally, this minimum account balance requirement is negotiable depending on the client's circumstance.

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

- A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.



### **Methods of Analysis:**

**Cyclical.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to capture profits from potential price movements.

**Fundamental.** We attempt to measure the intrinsic value of a security, bonds, and asset classes by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

### **Investment Strategies We Use:**

**Long Term Purchases.** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically we employ this sub-strategy when we believe the securities to be well valued and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short Term Purchases.** When utilizing this strategy, we may also purchase securities with the idea of selling them or having them mature within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

#### **Please Note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the investment markets may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## **Item 10: Other Financial Industry Activities & Affiliations**

Our firm's related persons are also registered representatives with PKS, a registered broker-dealer and Member FINRA/SIPC. In order to comply with FINRA Conduct Rule 3040, PKS, as an unaffiliated broker-dealer, may periodically review our firm's investment advisory transactions. This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance.

In order to minimize this conflict of interest, our firm's related persons will not receive preferential treatment over any clients. They may offer certain qualified clients trading services which gives them the ability to execute trades through PKS of client assets custodied at Schwab. In their capacity as Registered Representative of PKS, receive commissions or other compensation for these transactions.

Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

Furthermore, representatives of our firm may also offer tax preparation services. Such services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. The fees for these services are billed by return and are in addition to the client's investment advisory fees.

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

### **A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.**

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

- C. If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- D. If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this brochure. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## Item 12: Brokerage Practices

A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research & Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

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:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with Schwab and PKS. Under the arrangement with Schwab and PKS we receive services which include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but that may benefit our firm.

- a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement described in Item 12A1, Schwab and PKS also makes certain research and brokerage services available at no additional cost to our firm. These services may include certain research and brokerage services, including research services obtained by Schwab and PKS directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by

Schwab and PKS to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab and PKS to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

As a result of receiving the services discussed in 12A(1) of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of Schwab and PKS' services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab and PKS and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Schwab and PKS may charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab and PKS enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. PKS' commission rates are generally discounted from customary retail commission rates. The commission and/or transaction fees charged by Schwab and PKS may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our clients may pay a commission to PKS that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

In certain instances we may determine that it would be in the client's best interest to direct the clients' trades to PKS. When directing trades to PKS, we receive payouts on mark-ups for such trades in advisory accounts and will not charge our advisory fee on assets for transactions through PKS.

Core Financial Advisors participates in prime brokerage services provided by PKS and may include fixed income, equity and other securities trades. As the introducing broker-dealer, PKS shall transmit orders to National Financial Services, LLC ("NFS") for the execution of trades pursuant to Prime Brokerage Services with Schwab. NFS will clear our prime brokerage transactions in a PKS broker-dealer credit account established in the name of Schwab and designated for our client account holders to the account allocation established at our master account at Schwab.

Pursuant to the Prime Brokerage Services Agreement with Schwab, we will transmit to Schwab and PKS all the details of each prime brokerage transaction to be cleared by NFS for our account, including, but not limited to, the contract amount, the security involved, the number of shares or number of units, and whether the transaction was a long or short sale or a purchase.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

- 2. Brokerage for Client Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage).

Our firm does not receive brokerage for client referrals.

- 3. Directed Brokerage.
  - a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of client transactions, and that this practice may cost our clients more money.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

b. **Permissibility of Client-Directed Brokerage.**

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

B. **Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.**

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations 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 concurrent authorizations 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.

### **Item 13: Review of Accounts or Financial Plans**

A. **Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.**

We review accounts on a periodic basis for our clients subscribing to our Comprehensive Portfolio Management and Portfolio Monitoring service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only Andrew Boyd, Robert Boyd, Frank Bentley, or Paul Hensler will conduct reviews of accounts, as is applicable to them. Andrew Boyd, Chief Compliance Officer will also supervise all review of accounts.

Pension Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Pension Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Financial Consulting clients do not receive written plans unless one is requested. We do not provide ongoing services to financial consulting clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

**B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.**

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

**C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.**

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Comprehensive Portfolio Management and Portfolio Monitoring service.

As mentioned in Item 13A of this Brochure, Pension Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

As also mentioned in Item 13A of this Brochure, Financial Consulting clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

## **Item 14: Client Referrals & Other Compensation**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

## **Item 15: Custody**

We do not have custody of client funds or securities. All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's



contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

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

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.