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August 7, 2020

**Form ADV Part 2A Brochure
For
Wealth Planning and Comprehensive Portfolio Management**

This brochure provides information about the qualifications and business practices of Pathways Financial Partners, Inc. If you have any questions about the contents of this brochure, please contact us at (520) 299.5875. 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 Pathways Financial Partners, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

The terms "registered investment adviser" or "registered" do not imply a specific level of skill or training.

Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On March 12, 2020 we submitted our annual updating amendment filing for fiscal year 2019 and updated Item 4 of our Form ADV Part 2A Brochure to disclose discretionary assets under management of approximately \$126,372,751 and non-discretionary assets under management of \$0.

We review and update our brochure at least annually to make sure that it remains current.

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Advisory Business - Item 4

Pathways Financial Partners (hereafter "Pathways") was formed on June 1, 1998 and is based in the State of Arizona. Pathways' principal owner is Brian Murphy. Mr. Murphy owns 100 percent of Pathways Financial Partners.

Pathways is a fee-based investment adviser that offers investment advisory services to individuals and ERISA Plan investment advisor services for corporations.

Initial Consultation

Pathways begins by providing potential Clients an initial consultation during a Discovery Meeting. Pathways uses the Discovery Meeting to:

- Introduce the Client to the firm, its services, and staff;
- Gather information about the Client's investment objectives, financial condition, and risk tolerance, which Pathways uses in forming its investment advice; and
- Reach an agreement on the terms of service and compensation arrangements.

Subsequent to the Discovery Meeting, the Pathways advisor will meet the client for the Investment Planning Meeting. During the Investment Planning Meeting the Financial Plan will be presented to the client for review. At the conclusion of this meeting the client will sign an agreement with Pathways, specifying the precise nature of services to be rendered by Pathways and fees to be paid by the Client.

The discovery meeting and Investment Planning Meeting are completed before Pathways will make any specific recommendations about the Client's asset allocation or securities to buy or sell.

Portfolio Management Services

If the Client elects *Portfolio Management Services*, Pathways will evaluate the Client's financial condition and risk tolerance in order to tailor its securities recommendations to meet the Client's investment objectives and individual needs. Pathways may allow the Client to impose any restrictions on investing in certain securities or types of securities.

Pathways will make ongoing recommendations primarily involving: exchange-listed stocks, mutual funds, index funds, exchange-traded funds (ETFs), and bonds. However, in some instances, Pathways may recommend investments in private placement offerings. Pathways offers Margin on TD Ameritrade custodial accounts. Given that the market will affect the value of these securities, Pathways will monitor Client accounts regularly so that it may make any necessary transactions. The securities mentioned above reflect a broad range of investment risk, including some securities that entail high degrees of risk, such as stock options. Private placement offerings also involve a high degree of risk that may not be suitable for the average investor.

The Client will grant Pathways discretionary trading authority in the Client's advisory account by executing the appropriate documents with the Client's broker-dealer/custodian. The discretionary authority will allow Pathways to enter securities transactions on the Client's behalf, determining which securities and the amount of securities to buy or sell. Clients will be notified of all transactions by trade

confirmations from their broker-dealer/custodian and through communication with Pathways.

Pathways will also request the Client provide written authorization to allow Pathways to automatically deduct its advisory fee from the Client's account (discussed at greater length in the "FEES AND COMPENSATION" section).

Selection of Third Party Investment Advisers

Pathways has entered into agreements with various other third party investment advisers for the provision of certain investment advisory services. Factors considered in the selection of a third party adviser include but may not be limited to: i) Pathways' preference for a particular third party adviser; ii) the client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of client assets available for investment. In order to assist clients in the selection of a third party adviser, an Associated Person of Pathways will typically gather information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wants imposed on the management of the account. Clients who are referred to third party investment advisers will be required to sign an agreement with Pathways and may be required to sign a separate agreement with the third party investment adviser.

Pathways and its Associated Persons will not obtain direct discretionary management authority over the assets in accounts managed by the third party adviser; however, clients may grant Pathways the discretionary authority to hire and fire such third party advisers. Generally, clients may not impose restrictions on investing in certain securities or types of securities in accounts managed by a third party adviser.

Associated Persons of Pathways will periodically review reports provided to the client. An Associated Person of Pathways will contact the client at least annually, or more often as agreed upon with each client, to review the client's financial situation and objectives, communicate information to the third party adviser managing the account as necessary, and to assist the client in understanding and evaluating the services provided by the third party adviser. Clients will be expected to notify Pathways of any changes in their financial situation, investment objectives, or account restrictions.

The third party adviser's fee is separate from the advisory fee charged by Pathways. Transaction costs may also be charged for the execution and clearance of advisory transactions directed by such Third Party Advisory Services. A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in the third party adviser's Form ADV Part 2 Brochure or other applicable disclosure documents and/or account opening documents. A copy of all relevant disclosure documents of the third party adviser and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

Financial Planning Services

If the Client elects Financial Planning Services, Pathways may extend the initial consultation to include discussions necessary to begin creating a financial plan or may arrange a follow-up meeting to review additional information about the Client's finances. In any case, the Client will have the choice to:

- Consult with Pathways on the Client's overall financial situation and obtain a broad based financial plan online via eMoney portal; or

- Consult with Pathways on a specific topic or an individual security.

As the Financial Planning Services option includes the opportunity to discuss any specific topic or any individual security, Pathways recommends this option for all new Clients. For returning Clients that need to consult with Pathways on a specific topic or individual security, they can do so during a Regular Progress Meeting.

Comprehensive Financial Plan

Pathways will review all aspects of the Client's finances to prepare a financial plan that makes comprehensive recommendations to help the Client meet their financial objectives. These areas of analysis include: overall asset allocation, securities recommendations, insurance needs, mortgage planning, consumer debt, retirement planning, college planning, trust & estate planning, savings & budgeting and tax planning.

Pathways will compile this financial information and use it to construct a plan tailored to the Client's specific financial situation. The financial plan will typically be constructed within a month but will never take longer than six months. Access to this plan is provided via a portal to eMoney.

Clients can execute the plan on their own or Pathways can assist in implementation. If *Portfolio Management Services* are recommended during the Financial Planning Process, Clients may engage Pathways for those *Portfolio Management Services* as described above.

If a client chooses to execute the Plan on their own, the client may engage Pathways for an *Annual Financial Plan Review* at the Advisor's discretion.

Regular Progress Meetings

As financial conditions or objectives change over time, Pathways will engage their *Portfolio Management Services* and *Financial Planning Services* clients to review their plan regularly, no less than annually. Largely, this review merely confirms the Client's financial information is accurate, evaluates whether the financial plan is reaching its goals, and makes any revisions needed. However, during these reviews, Clients may also raise new objectives or discuss other financial topics of their choice. If Clients experience life-changing events, they may request a Progress Meeting earlier than the annual timeframe.

Separate Financial Planning Consultation

If an individual Client chooses not to engage Pathways for *Portfolio Management Services* or *Financial Planning Services*, Pathways is available on a limited basis. A member of Pathways advisory team could be accessible on an hourly basis for a *Separate Financial Planning Consultation* to discuss a specific financial topic or evaluate a specific securities investment.

Assets Under Management

As of February 28, 2020, we manage \$126,372,751 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis.

Fees and Compensation - Item 5

Portfolio Management services Fees

Pathways charges a management fee based on a percentage of assets under management. The percentage of assets charged per year (annum) is listed in the following table by assets level.

Fees are negotiable but generally range from .50% to 1.25% per year of the assets under management based on the amount of assets, overall relationship among other things. Fees for the management of Fixed Income and Money Market portfolios are also negotiable.

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 to \$1,000,000	1.25%
\$1,000,001 - \$1,500,000	1.00%
\$1,500,001 - \$2,500,000	0.85%
\$2,500,001 - \$5,000,000	0.75%
Over \$5,000,000	0.50%

The above fee schedule went into effect in 2007. Legacy client relationships may be subject to a different fee schedule. The fees paid by each client is clearly stated in the advisory agreement signed by the client and the firm.

Fees do not include: The reporting service and custodian account fee of up to \$85.00 per year per account.

Fees do not include: Trading costs (fees per transaction charged by the Custodian), exchange or ancillary custodian fees, transfer taxes, account transfer fees, interest incurred on margin, checking and debit card fees, corporate actions fees, or any fees imposed by law.

Fees are paid quarterly in arrears. Fees are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter. Fees are prorated for accounts opened during the quarter. The account custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for trading costs, invoicing, performance reporting, appraisal, and reconciliation among others. Clients will receive a separate disclosure document provided by the Adviser will clearly state the fees payable to the Adviser.

Any Client who wishes to terminate their agreement must provide written notification of their request to Pathways or their representative. Pathways will obtain the number of days that the account was opened during the quarter in order to calculate the final management fee. This fee will be withdrawn from the client's account prior to the transfer of funds.

Third Party Adviser (TPAs) Fees

As part of its overall for portfolio management services, Pathways will perform management searches of various independent registered investment advisers for referral to clients. The TPA's separate management fee is disclosed in the TPA's disclosure documents. These fees may or may not be negotiable. Pathways' compensation will differ depending upon the firm's individual agreement with each TPA. In some cases, Pathways will charge its portfolio management fees and the TPA will charge a separate fee in accordance with the terms of the agreement signed by the client with the TPA. In other

cases, Pathways may share in the fee charged by the TPA. Pathways or its Associated Persons may have an incentive to recommend one TPA over another TPA with whom it has less favorable compensation arrangements or other advisory programs offered by TPAs with which it has no compensation arrangements. The combined fee charged by the firm and the TPA will not exceed 3.00% of the client's assets under management.

Financial Planning Services Fees

For Financial Planning Services, Pathways charges a fixed fee; however, for Separate Financial Planning Consultations, Pathways charges an hourly fee.

- Standard Financial Planning Services Fee Minimum: \$1,500.00
- Annual Financial Plan Review: up to \$500 fixed fee
- Separate Financial Planning Consultations: \$300 hourly fee

Pathways may negotiate its fixed fee amount for Financial Planning Services based on the complexity of the financial plan. Typically, the standard financial plan takes 10 hours; those plans that take significantly less time may negotiate a lower fee while those financial plans that take significantly longer may be charged a slightly higher amount. Additionally, Pathways may offer discounts to select friends, employees (plan participants) and family. The final amount will be specified in the *Investment Advisory Agreement*.

If Financial Planning Client accepts and retains Pathways *Portfolio Management Services* and provides written authorization to their current broker-dealer/custodian so that Pathways can deduct its management fees directly from their advisory account, those Clients may also opt to have their financial planning fees deducted from their advisory account as well. In that case, the Client's broker-dealer/custodian will send statements, at least quarterly, to the Client that will reflect the advisory fees paid to Pathways, but the Client should verify the accuracy of fees paid.

Otherwise, Pathways will include an invoice upon delivery of the *Financial Planning Services* or *Annual Financial Plan Review* or at the conclusion of the *Separate Financial Planning Consultation*. This invoice will require payment within thirty days after delivery.

Additional Compensation

All fees paid to Pathways for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. We generally seek to avoid funds with sales charges. However, some funds may have early redemption fees if sold prior to the expiration of their minimum holding periods.

A client could invest in a mutual fund directly, without the services of Pathways. In that case, the client would not receive the services provided by Pathways which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Pathways to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

All conflicts of interest between you and our firm, and the Associated Persons of our firm, are outlined in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing or supply you with an updated Disclosure Brochure.

General Information on Advisory Services and Fees

We do not represent, guarantee, or imply that the services or methods of analysis employed by our firm can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

We shall never have custody of any Client funds or securities, as the services of a qualified and independent custodian will be used for these asset management services. We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client (15 U.S.C. §80b-5(a)(1)).

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

Pathways and its Associated Persons do not accept performance-based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

Types of Clients - Item 7

Pathways will provide advisory services to various types of Clients, including:

Individuals: Many of Pathways' Clients will be individuals seeking financial planning and management services for their personal accounts. While *Financial Planning Services* can be provided regardless of account values.

ERISA Plans and Related Trusts: Pathways plan clients are For-profit and non-profit institutions who offer registered ERISA plans (Pension and Profit Sharing 401(k), 403(b), 457, Defined Benefit Plans, etc.). Typically, these organizations will have qualified internal Administrative and Human Resources support yet seek expert Fiduciary, Investment and Educational Services.

Corporations or Other businesses, Trusts: Occasionally, Pathways will provide advisory services to small

businesses and non-profits seeking financial planning or management services for their organization's interests.

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

Pathways and its representatives are responsible for:

- Analyzing a Client's current financial situation and assisting them in determining their investment objectives, time horizon, and risk tolerance.
- Advising Client's about investment possibilities and vehicles and educating the Client on fees, a security's features including risk and costs, how a possible investment would fit with the Client's objectives and possibly assisting the Client in determining an appropriate asset allocation. Part of the representative's analysis may include researching economic, political, and market trends, earnings, and various other indicators including qualitative risk analysis.
- Ongoing monitoring of the Client's investment/asset allocation as well as working with the Client to ensure that Pathways and the representative have timely information regarding the Client's needs, objectives, and risk tolerance.
- Being available to meet or discuss Client account(s) on a regular basis, and being available at such other times within reason as a Client requests.

We may use one or more of the following methods of analysis and/or investment strategies when providing investment advice to you:

- *Fundamental Analysis* – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The primary risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- *Technical Analysis* – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.
- *Cyclical Analysis* – Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company. The primary risks

with cyclical analysis are similar to those of technical analysis.

We may use one or more of the following investment strategies when advising you on investments:

- *Long Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.
- *Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.
- *Option Writing* – an option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the "exercise price") by exercising the option before its specified expiration date. Options giving you the right to buy are called "call" options. Options giving you the right to sell are called "put" options. When trading options on behalf of a client, we generally use covered options. Covered options involve options trading when you own the underlying instrument on which the option is based. Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Investing in securities involves risk of loss that Clients should be prepared to bear.

The investment advice provided along with the strategies suggested by Pathways will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

General Investment Risk: All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

Loss of Value: There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

Interest Rate Risk: Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk: Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk: Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Risks Associated with Investing in Equities: Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Risks Associated with Investing in Mutual Funds: Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative

companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are “no load” and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

Risks Associated with Investing in Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Risks Associated with Investing in Private Funds: Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies.

Risks Associated with Investing in Options: Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Cybersecurity Risks – Pathways and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, however, unintentional events may have similar effects. Cyber-attacks may cause losses to Clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While vendors for our firm have established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber

security risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a Client's investment in such securities to lose value.

Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by our firm or our management persons.

Other Financial Industry Activities or Affiliations - Item 10

Pathways and its Associated Persons have no other reportable financial industry activities or affiliations.

Recommendation of Other Advisors

We may recommend that you use a third party adviser as part of our asset allocation and investment strategy. Pathways will share in the compensation received by the third party advisor for managing your account. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of the third party adviser. You are not required to use the services of any third party advisor we recommend. Further information about this arrangement and associated conflicts is listed in Item 14 below.

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

Description of Our Code of Ethics

Pathways' Code of Ethics is based on the principle that Pathways and each of its owners, employees, and representatives owe a fiduciary duty to its Clients. All owners, employees, and representative must sign the Pathways Code of Ethics. All Pathways, owners and representative are expected to act in a manner that fully complies with these standards and the federal and state securities laws at all times and that otherwise is premised on fundamental principles of, honesty, integrity, fairness, trust and professionalism.

As a Firm, Pathways places an extremely high value on ethical conduct and challenges all owners, employees, and representatives to live up to not only the letter of the law, but also to the spirit thereof and the ideals of our organization.

Personal Trading Practices

One of the areas that Pathways imposes its highest level of ethical expectations is through personal securities transactions. From time to time, owners, employees, and representatives may purchase securities for themselves or family members that they also recommend to their Clients. Owners and

representatives and their family members may also own securities that they recommend to Clients. It is the responsibility of the firm to closely monitor this activity to ensure that the Client's interests are always placed ahead of the owners, employees, and representatives of Pathways. Pathways' has obtained from Pathways' owners, employees, and representative when trading the same security and assess whether any individual's personal security holdings may present a conflict of interest.

For a complete copy of Pathways' Code of Ethics, please contact Pathways at (520) 299-5875.

Brokerage Practices - Item 12

We recommend the services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") for our portfolio management program. TD Ameritrade is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Pathways receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Research and Other Soft Dollar Benefits

Although not considered "soft dollar" compensation, we may receive benefits from TD Ameritrade for research services that include reports, software, and institutional trading support.

In selecting a broker dealer based on discretionary authority, Pathways will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. In addition, Pathways may cause the account to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide.

Brokerage for Client Referrals

We do not receive Client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for Client referrals.

Directed Brokerage

The client may direct brokerage to a specified broker/dealer other than the firm recommended by Pathways. In the event that a Client directs Pathways to use a particular broker/dealer, the firm may not be authorized under these circumstances to negotiate commissions and may not be able to obtain

volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to Clients who direct the Company to use a particular broker/dealer and those that don't.

Trade Aggregation

The aggregation or blocking of Client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to Clients. Because we manage Client's assets on an account by account basis, Pathways normally does not aggregate Client transactions. In the event aggregation does occur, Clients participating in any aggregated transactions would receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

As a matter of policy, an adviser's allocation procedures must be fair and equitable to all Clients with no particular group or Client(s) being favored or disfavored over any other Clients. Pathways' policy prohibits any allocation of trades in a manner that Pathways' proprietary accounts, affiliated accounts, or any particular Client(s) or group of Clients receive more favorable treatment than other Client accounts. Clients participating in a block trade will receive a weighted-average allocation of the securities subject to the trade subsequently upon delivery of the securities. In the event that any block order is not completely filled, a weighted-average allocation will be made first to those Clients that were a part of the original order, then an allocation will subsequently be made to each Client that was not a part of the original order, and such allocation will be made on an equitable basis.

Review of Accounts - Item 13

Pathways monitors client accounts on a continuous basis and offers clients a formal account review at least annually. These reviews will consist of comparing account activity to the personal information collected on the account information form such as financial condition, investment objectives, and risk tolerance as well as trading frequency. The designated representative will review the following documents related to Client accounts as applicable: daily blotters, new account applications, advisory agreements, daily money/asset movement, and suspicious activity. The designated representative will also review: accurate and proper recordation, risk tolerance, investment objectives, and trading in the Client's account. Special or in depth reviews of an account would take place should there be questions or concerns from a Client regarding activity or fees, issues with representative, or if the designated reviewer detects problematic activity. Brian Murphy and Blake Davelaar conduct all account reviews.

For Financial Planning Clients, Pathways reviews the Client's account in the initial preparation of a Financial Plan and may review the Client's account during a *Separate Financial Planning Consultation*, but does **not** review those accounts again unless engaged for an *Annual Financial Plan Review*. Financial Planning Clients are encouraged to meet with Pathways at least once per year to review their account as a whole, ensuring that their financial plan aligns with their current financial condition, goals and objectives.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Additionally, Clients may receive other supporting reports from mutual funds, insurance companies, Broker/Dealers and others who are involved in the management of Clients' accounts.

Client Referrals and Other Compensation - Item 14

As disclosed under Item 12. above, Pathways participates in TD Ameritrade's institutional customer program and Pathways may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Pathways' participation in the program and the investment advice it gives to its Clients, although Pathways receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Pathways clients; 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 Pathways by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Pathways' related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit Pathways but may not benefit its Client accounts. These products or services may assist Pathways in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Pathways manage and further develop its business enterprise. The benefits received by Pathways or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, Pathways endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Pathways or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Pathways' choice of TD Ameritrade for custody and brokerage services.

Recommendation of Other Advisors

We may recommend that you use a third party investment adviser or program as part of our asset allocation and investment strategy. In these cases, Pathways will share in the compensation received by the third party investment adviser. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of a third party investment adviser that pays us a referral fee. Since our compensation may differ depending upon our individual agreement with each third party adviser, we have an incentive to recommend one third party adviser over another third party adviser with whom we have less favorable compensation arrangements or other advisory programs offered by third party advisers with which we have no compensation arrangements. At all times Pathways and its Associated Persons uphold their fiduciary duty of fair dealing with Clients. You are not required to use the services of any recommended third party investment adviser.

Pathways and its related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

Custody - Item 15

Pathways' utilizes qualified custodians for the custody of Client funds or securities. The qualified custodian will prepare and provide transaction confirmations and summary periodic statements to Clients. Should Pathways mail account information, copies of confirmations, or copies of statements to the Client, a disclosure stating that the Client should compare the information on the documents received from Pathways to the custodian provided statement or document must be included. We encourage Clients to immediately contact Pathways if any inaccurate information is found on a document sent by the custodian.

Investment Discretion - Item 16

Generally, Pathways offers Portfolio Management Services to on a discretionary basis. Clients must grant discretionary authority in the Client's investment advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance Client approval. However, Pathways does not have the ability to withdraw funds or securities from the Client's account.

You may limit our discretionary authority if you wish by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

Voting Client Securities - Item 17

Proxy Voting

Pathways does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about Pathways', financial condition. Pathways does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Pathways 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.

Requirements of State-Registered Advisers - Item 19

This section is not applicable because our firm is SEC registered

Miscellaneous

Confidentiality

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

Pathways does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Pathways may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Pathways restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Pathways maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the firm's policy never to 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 client, or as required by law.

A copy of the firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the Advisory Agreement. If you have any questions on this policy, please contact Pathways at (520) 299-5875.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, such profit will be donated to Desert Christian Schools in Tucson, AZ.