

# Compass Rose Private Investment Management Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Compass Rose Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (603) 319-8211 or by email at: [karen@compassrosepim.com](mailto:karen@compassrosepim.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 Compass Rose Private Investment Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Compass Rose Investments, LLC's CRD number is: 286628.*

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*Registration does not imply a certain level of skill or training.*

Version Date: 08/04/2020

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Compass Rose Private Investment Management on 02/03/2020 are described below. Material changes relate to Compass Rose Private Investment Management's policies, practices or conflicts of interests.

- Compass Rose has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.
- Compass Rose Private Investment Management has updated their Assets Under Management (Item 4E).

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Compass Rose Investments, LLC d/b/a Compass Rose Private Investment Management (hereinafter "Compass Rose") is a Limited Liability Company organized in the State of New Hampshire. The firm was formed in April 2011, and the principal owners are Karen O'Donoghue and James Michael O'Donoghue.

### **B. Types of Advisory Services**

#### *Portfolio Management Services*

Compass Rose offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Compass Rose creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Compass Rose evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Compass Rose will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Compass Rose seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Compass Rose's economic, investment or other financial interests. To meet its fiduciary obligations, Compass Rose attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Compass Rose's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Compass Rose's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

Compass Rose may direct clients to third-party investment advisers to manage a portion of all of client's assets. Before selecting other advisers for clients, Compass Rose will verify

that all recommended advisers are properly licensed, notice filed, or exempt in the states where Compass Rose is recommending the adviser to clients.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

### ***Services Limited to Specific Types of Investments***

Compass Rose generally limits its investment advice to mutual funds, fixed income securities, insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. Compass Rose may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

Compass Rose will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by Compass Rose on behalf of the client. Compass Rose may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Compass Rose from properly servicing the client account, or if the restrictions would require Compass Rose to deviate from its standard suite of services, Compass Rose reserves the right to end the relationship.

## **D. Wrap Fee Programs**

Compass Rose participates in and sponsors a wrap fee program, which allows Compass Rose to manage client accounts for a single fee that includes both portfolio management services and brokerage costs. Compass Rose participates in wrap fee programs, which are investment programs where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Compass Rose manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. Fees paid under the wrap fee program will be given to Compass Rose as a management fee.

## **E. Assets Under Management**

Compass Rose has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$87,287,134.00	\$7,177,629.00	06/30/2020

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

Lower fees for comparable services may be available from other sources.  
For fee concerning the wrap fee program, please see the wrap fee brochure.

#### ***Portfolio Management Fees***

<b>Total Assets Under Management</b>	<b>Annual Fees</b>
\$0 - \$250,000	1.50%
\$250,001 - \$1,000,000	1.00%
\$1,000,000 - And Up	.80%

The advisory fee is calculated using the value of the assets on the last business day of the prior billing period.

These fees are non-negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of Compass Rose's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

Maine-residents will not be charged performance-based fees, unless the investment adviser complies with the provisions of Rule ch. 515.

#### ***Selection of Other Advisers Fees***

Compass Rose may direct clients to third-party investment advisers. Compass Rose will be compensated via a fee share from the advisers to which it directs those clients. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.



Compass Rose may specifically direct clients to Nuveen Asset Management, LLC. The annual fee schedule is as follows:

Total Assets	Compass Rose's Fee	Third Party's Fee	Total Fee
All Assets	.53% - .38%	.17% - .32%	.70%

### ***Financial Planning Fees***

#### **Fixed Fees**

The negotiated fixed rate for creating client financial plans is between \$500 and \$2,000.

Clients may terminate the agreement without penalty, for full refund of Compass Rose's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### **B. Payment of Fees**

#### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

For fees deducted directly from client accounts, in states that require it, Compass Rose will use the safeguards below:

1. Compass Rose will have written authorization from the client to deduct advisory fees from the account held with a qualified custodian.
2. The custodian will send statements, at least quarterly, to the client showing all disbursements for the custodian account, including the amount of the advisory fees.
3. Each time a fee is deducted Compass Rose will send the qualified custodian notice of the amount of the fee to be deducted and will also send the client an invoice itemizing the fee including the formula used to calculate the fee, the amount of assets under management upon which the fee is based, and the period covered by the fee.

#### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party advisor.

Fees for selection of Nuveen Asset Management, LLC as third-party adviser are withdrawn by Nuveen Asset Management, LLC directly from client accounts. Compass Rose then receives its portion of the fees from Nuveen Asset Management, LLC; Compass Rose does not directly deduct the advisory fees. These fees are paid in advance.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check and wire.

Fixed financial planning fees are paid 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

### **C. Client Responsibility For Third Party Fees**

Compass Rose will provide service to both wrap and non-wrap fee accounts.

For clients who participate in the wrap fee program, Compass Rose will wrap third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Compass Rose will charge clients one fee, and pay all transaction fees using the fee collected from the client.

For clients who do not participate in the wrap fee program, the clients are responsible for the payment of all third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Compass Rose. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

Compass Rose collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

James O'Donoghue and Karen O'Donoghue in their outside business activities (see Item 10 below) are licensed to accept compensation for the sale of insurance products to Compass Rose clients.

- This presents a conflict of interest and gives the supervised persons an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending insurance products for which the supervised persons receives compensation, Compass Rose will document the conflict of interest in the client file and inform the client of the conflict of interest.
- Clients always have the option to purchase Compass Rose recommended products through other insurance agents that are not affiliated with Compass Rose.
- Advisory fees that are charged to clients are not reduced to offset the investment products recommended to clients.

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

Compass Rose does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

Compass Rose generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations

There is an account minimum of \$1,000, which may be waived by Compass Rose in its discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

Compass Rose's methods of analysis include Charting analysis, Fundamental analysis, Modern portfolio theory and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. Compass Rose uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

Compass Rose uses long term trading and short term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Compass Rose nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Compass Rose nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Karen Ann O'Donoghue is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Compass Rose always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of Compass Rose in connection with such individual's activities outside of Compass Rose.

James Michael O'Donoghue is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware

that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Compass Rose always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of Compass Rose in connection with such individual's activities outside of Compass Rose.

James Michael O'Donoghue is owner of RoxyJames Realty, LLC; a real estate business that holds title to the building that houses Compass Rose Investments, LLC. He receives no compensations from RoxyJames, LLC.

James Michael O'Donoghue is a Board of Directors member at Victoria's Victory Foundation, a non-profit 501c3 focused on helping people around the world achieve their own victory by providing scholarships to those with mobility challenges. He receives no compensations from this activity.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Compass Rose may direct clients to third-party investment advisers. Compass Rose will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that Compass Rose has an incentive to direct clients to the third-party investment advisers that provide Compass Rose with a larger fee split. Compass Rose will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. Compass Rose will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where Compass Rose is recommending the adviser to clients.

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

#### **A. Code of Ethics**

Compass Rose has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance,



Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Compass Rose's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

Compass Rose does not recommend that clients buy or sell any security in which a related person to Compass Rose or Compass Rose has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Compass Rose may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Compass Rose to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Compass Rose will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Compass Rose may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Compass Rose to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Compass Rose will never engage in trading that operates to the client's disadvantage if representatives of Compass Rose buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on Compass Rose's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and Compass Rose may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Compass Rose's research efforts. Compass Rose

will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Compass Rose will require clients to use Schwab Advisor Services, a division of Charles Schwab & Co., Inc.

### ***1. Research and Other Soft-Dollar Benefits***

Compass Rose has access to research, products, or other services from its broker/dealer in connection with client securities transactions ("soft dollar benefits") consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. Compass Rose benefits by not having to produce or pay for the research, products or services, and Compass Rose will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that Compass Rose's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

Compass Rose receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Compass Rose will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If Compass Rose buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Compass Rose would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Compass Rose would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for Compass Rose's advisory services provided on an ongoing basis are reviewed at least annually by James M O'Donoghue, President, or Karen Anne O'Donoghue with regard to clients' respective investment policies and risk tolerance levels. All accounts at Compass Rose are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by James M O'Donoghue, President or Karen Anne O'Donoghue. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, Compass Rose's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of Compass Rose's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. Compass Rose will also provide at least quarterly a separate written statement to the client.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits**

Compass Rose does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Compass Rose's clients.

With respect to Schwab, Compass Rose receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Compass Rose client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Compass Rose other products and services that benefit Compass Rose but may not benefit its clients' accounts. These benefits may include national, regional or Compass Rose specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Compass Rose by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Compass Rose in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of Compass Rose's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Compass Rose's accounts. Schwab Advisor Services also makes available to Compass Rose other services intended to help Compass Rose manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Compass Rose by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge

for some of these services or pay all or a part of the fees of a third-party providing these services to Compass Rose. Compass Rose is independently owned and operated and not affiliated with Schwab.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

Compass Rose subscribes to SmartAsset's SmartAdviser service, a lead generation service for Registered Investment Advisers. In exchange for these services, RIA pays SmartAsset a one-time fee based on the investible assets of each new client generated by the service. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. Compass Rose will ensure each solicitor is properly registered in all appropriate jurisdictions. Compass Rose will ensure that the compensated person will be properly registered as a solicitor and follow CCR 260.236(c)(2) requirements.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, Compass Rose will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, Compass Rose will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with those they received from Compass Rose.

Custody is also disclosed in Form ADV because Compass Rose has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, Compass Rose will follow the safeguards specified by the SEC rather than undergo an annual audit.

## **Item 16: Investment Discretion**

Compass Rose provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Compass Rose generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, Compass Rose's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to Compass Rose. Compass Rose will secure client permission prior to effecting securities transactions for accounts management on a non-discretionary accounts.

Compass Rose will also have discretionary authority to determine the broker or dealer to be used for a purchase or sale of securities for a client's account.

## **Item 17: Voting Client Securities (Proxy Voting)**

Compass Rose will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Compass Rose neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Compass Rose nor its management has any financial condition that is likely to reasonably impair Compass Rose's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Compass Rose has not been the subject of a bankruptcy petition in the last ten years.