

## **BROCHURE**

(Form ADV Part 2A)



### **PLUM STREET ADVISORS LLC**

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Chief Compliance Officer

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**August 26, 2021**

This brochure ("Brochure") provides you with information about the qualifications and business practices of *Plum Street Advisors LLC*. It contains information that you should consider before becoming a client of our firm.

The information contained herein has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration of an investment adviser firm does not imply a certain level of skill or training. We have only filed the requisite registration documents with respective governmental entities in the appropriate jurisdictions.

If you have any questions about the contents of this Brochure, please contact us by telephone at (504) 517-5107. Additional information about Plum Street Advisors, can be found on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Plum Street Advisors CRD/IARD No. is 283917.

## MATERIAL CHANGES

### Plum Street Advisors Material Changes

This version of our Brochure, dated August 26, 2021, is an interim amendment that reflects our firm's transition to investment advisor registration pursuant to laws and regulations of the U.S. Securities and Exchange Commission (SEC). The following are the material changes in our annual filing of March 30, 2021:

#### Fees and Compensation

##### *Combined Financial Planning and Portfolio Management Services Fee Schedule*

We have revised our advisory fee schedule as follows:

Market Value of Assets Under Management		Annual Rate
From:	To:	
\$0	\$ 500,000	<b>0.90%</b>
\$ 500,001	\$1,000,000	<b>0.60%</b>
\$1,000,001	\$4,500,000	<b>0.45%</b>
\$4,500,001	\$7,500,000	<b>0.30%</b>
\$7,500,001 and above		<b>0.20%</b>

Our advisory fees are calculated at blended rates.

The **sample fee calculation** is as follows:

Investments of **\$1,000,000**

First \$500,000 @ 0.90%

Next \$500,000 @ 0.60%

Quarterly Fee of **\$1,875** or Annual Fee of **\$7,500**

Our revised fee schedule applies to new client advisory engagements entered on or after the date of this Brochure. Additionally, if the revised fee schedule results in a lower advisory fee rate for an existing client (i.e., a client who entered into an advisory engagement prior to the date of this Brochure), the reduction will be applicable to the next quarterly billing period (i.e., Q3 2021 billing).

#### Types of Advisory Services

##### **Retirement Plan Advisory Services**

We have expanded our offerings related to Retirement Plan Advisory Services. Our firm now offers advisory services to trustees and sponsors of both defined benefit and defined contribution plans.

#### General Revisions

We have revised some language and content herein to ensure that our disclosures are concise and unambiguous.

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## ADVISORY SERVICES

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### About Our Business

Plum Street Advisors LLC (also referred to herein as “we,” “us,” or “our”) is a wealth management firm that provides financial planning consultations and advice relative to portfolio management strategies. Our firm is a Louisiana limited liability company with offices in the states of Louisiana and Massachusetts. We also conduct business in the states of California, Florida, New York, and Washington. We began managing our clients’ investments and providing financial expertise in July of 2016.

Mr. James Osborn and Mr. David Dirks are the members/principal owners, and both own equal interests. Mr. Osborn and Mr. Dirks are also investment advisor representatives of our firm. Mr. Osborn is the chief compliance officer.

### Types of Advisory Services

We are a boutique wealth management firm that provides customized, comprehensive, goals-based financial plans and investment strategies based on our client’s specific goals, objectives, and needs. A detailed explanation of our services is as follows:

#### **1. Combined Financial Planning and Portfolio Management Services**

We interfuse the financial planning analysis with portfolio management services to assist clients in reaching their financial goals. We develop a lifetime financial model by evaluating strategic plans and model data relative to a client’s financial circumstances, investment goals and objectives, and tax status. Our report may include but is not limited to information that analyzes net worth, debts, consumption, retirement goals, college plans, insurance, and estate planning matters.

We offer discretionary portfolio construction and investment management services to implement the lifetime financial model and assist our clients in meeting their financial goals and objectives. Our investment advice encompasses recommendations regarding utilizing exchange-traded funds, mutual funds, and occasionally options to build broadly diversified investment portfolios.

As applicable, we also advise clients regarding investments or accounts held by a different custodian, including but not limited to annuities, plan participant 401(k) and 403(b) assets, donor-advised funds, and 529 investments. We evaluate these assets or accounts as a part of a client’s comprehensive financial circumstances and recommend allocating assets among the various options available within the product or plan.

#### **2. Retirement Plan Advisory Services**

We provide investment advisory services to trustees and sponsors of retirement plans. Details regarding our retirement plan advisory services are as follows:

*Defined Benefit Plan Services.* We provide advisory services to trustees and sponsors of defined benefit plans in accordance with provisions of the Pension Protection Act of 2006. Our services include advice regarding plan design, investment strategies, analysis of allocations, and ongoing investment performance monitoring. We also assist organizations with developing investment policy statements, establishing procedures for the investment committee, evaluating vendor services, and providing educational support services to plan participants. Our services may also include advice regarding records management and plan administration.

*Defined Contribution Plan Services.* We provide consulting services to sponsors of ERISA and non-ERISA defined contribution plans. Our advisory consultation services guide the plan with design and governance assistance, vendor comparisons and cost analyses, investment policy reviews, recommendations regarding investment selection, allocation, monitoring, evaluation, and performance. Plan sponsors may also request that we provide non-fiduciary consulting services such as educational seminars to help plan participants understand the investment options offered by the plan. Consulting services to the plan and general education services may be combined or provided separately.

### Tailored Services

Our advice and services are based on the individual needs of a client after analyzing and thoroughly evaluating the client’s goals, objectives, investment horizon, and risk tolerance. Clients may impose restrictions on investing in certain asset classes or specific types of securities by advising their investment advisor representative of such limitations.

### Wrap Fee Programs

We are not a participant in any wrap fee program.

## Assets under Management

We currently\* manage \$105,020,453 in client assets on a discretionary basis. \*Our asset under management calculations are as of December 31, 2020.

## FEES AND COMPENSATION

### Advisory Fees

We earn fees and compensation by constructing portfolios and providing advice regarding specific investment strategies. Our advisory fees for services are as follows:

#### 1. Fees for Combined Financial Planning and Portfolio Management Services

Market Value of Assets Under Management		Annual Rate
From:	To:	
\$0	\$ 500,000	<b>0.90%</b>
\$ 500,001	\$1,000,000	<b>0.60%</b>
\$1,000,001	\$4,500,000	<b>0.45%</b>
\$4,500,001	\$7,500,000	<b>0.30%</b>
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Our advisory fees are calculated at blended rates.

A **sample fee calculation** is below:

Investments of **\$1,000,000**

First \$500,000 @ 0.90%

Next \$500,000 @ 0.60%

Quarterly Fee of **\$1,875** or Annual Fee of **\$7,500**

Our portfolio management fee schedule is non-negotiable due to our fees being lower than most other firms offering comparable services.

#### 2. Fees for Retirement Plan Advisory Services

**Defined Benefit Plan Services.** Our management fees for defined benefit advisory services are assessed at an annual rate of up to 1%. Fees for services are based on the value of the assets under management (or advisement) and level of complexity involved in managing the plan assets. Fee assessments for defined benefit advisory services may be allocated separately or collectively among the various services for the plan and participants. Fees for defined benefit plan services are negotiable. The final fee, as agreed upon, will be outlined in our plan advisory agreement.

**Defined Contribution Plan Services.** Our consulting fees for advisory services to defined contribution plans are assessed at an annual rate of up to 1%. Fees are based on the type of services requested by the plan sponsor, such as the frequency of consultations, and level of quantitative and qualitative details requested for the investment process overview and analyses, among others. Advisory fees may be allocated separately or collectively among the different plan advisory and general education services for participants. Fees for defined contribution plan services are negotiable. The final fee, as agreed upon, will be outlined in our plan advisory agreement.

### Billing Procedures

As a part of our billing procedures, concurrent with sending the account custodian fee calculations for advisory fee deductions, we send each client a written advisory fee invoice. Advisory fee invoices to clients include the advisory fee, the formula used to calculate the advisory fee, the amount of assets under management on which the fee is based, the advisory fee calculation, the period covered by the advisory fee, and the name of the account custodian.

Clients are urged to compare our advisory fee invoices to the fees listed in the account statements provided by the account custodian. Please also review the following for specific billing details:

#### 1. Billing for Combined Financial Planning and Portfolio Management Services

Our fees for combined financial planning and portfolio management services are based on investment assets under management. Fees for services are billed and due quarterly in arrears. Advisory Fees due for any period of less than one calendar quarter shall be calculated on a pro-rata basis, commencing on the date of engagement for advisory services. Accordingly, we transmit our advisory fee calculations to the account custodian

electronically shortly after the end of each calendar quarter. Our firm uses trade date valuations (as opposed to the settlement date) to value investment assets for billing purposes. Fee calculations are based on a percentage of the market value of the assets in the account(s) as listed on a national securities exchange or the principal market where the securities are traded, at the closing price, as of the last trading day of the calendar quarter. Additionally, billing valuations for fixed income securities often include accrued interest. Furthermore, margin interest, if applicable, will accrue monthly.

Upon signing our investment management agreement, clients provide written authorization for our firm to deduct our advisory fees directly from the specified account(s). If there are no assets with available liquidity to deduct advisory fees from the account(s), clients agree to pay advisory fees due by mailing a check to our address.

## **2. Billing for Retirement Plan Advisory Services**

*Defined Benefit Plan Services.* Unless otherwise agreed to by our firm and the plan trustees and sponsors, advisory fees for defined benefit plan management services are billed quarterly in arrears. The fee assessment is based on a percentage (or incremental percentages) of plan assets under management and the value of the plan assets as of the close of trading on the last business day of the preceding quarter. Plan trustees and sponsors generally provide written authorization for our firm to deduct advisory fees directly from plan assets.

*Defined Contribution Plan Services.* Fees for advisory consultation services are billed as mutually agreed to by the plan sponsor and our firm. Advisory fees for defined contribution consultation services are typically payable upon completion of the consultation session(s), although advisory fees may be deducted from plan assets. If advisory fees are deducted from plan assets, the direct debit occurs quarterly in arrears. A quarterly advisory fee assessment is based on a percentage (or incremental percentages) of plan assets under advisement and the value of the plan assets as of the close of trading on the last business day of the preceding quarter. Plan sponsors typically provide written authorization for our firm to deduct advisory fees directly from plan assets.

## **Other Fees & Expenses**

Clients will also incur additional third-party fees and expenses (“third party fees”) related to the management of investments and advisory service provisions. These fees may include but are not limited to no-load mutual fund ticket charges, brokerage transaction costs, deferred sales charges on previously purchased mutual funds, IRA maintenance fees, and other legal or transfer fees. The account custodians, broker-dealers, mutual fund companies, and others who provide account services charge these fees, and clients are responsible for payment of all third-party fees and expenses. As of the date of this Brochure, our account custodian does not assess transaction costs for trades in equity securities such as stocks and exchange-traded funds, etc. Also, clients whose assets are invested in mutual funds, exchange-traded funds, money market mutual funds, closed-end funds, and other investment company securities will incur additional expenses. These are direct internal expenses of the investment company that issues the security but a cost borne by investors (clients). The specific fees and expenses are outlined in the prospectus for each investment company security.

It is important to note that the advisory fees paid to our firm are separate from the maintenance fees and transaction expenses charged by third parties. Please also refer to the Brokerage Practices section for information regarding our account custodian.

## **Refund Policy**

Clients may terminate our investment management agreement by providing fourteen (14) days advance written notice. Our retirement plan advisory agreement may be terminated with at least sixty (60) days advance written notice.

Upon receipt of a client’s termination request, we will assess fees pro-rata, if applicable, to the date of receipt of the notice of termination. Any unearned portion of prepaid fees will be refunded within ten (10) business days of the date of termination.

Any balance for unpaid fees due to our firm will be collected prior to the disbursement of funds, if applicable. If we are unable to deduct final fees from a client’s advisory account(s), in the case of an account transfer, we will transmit a final advisory fee invoice, which is due upon receipt. Clients pay final advisory fee invoices by mailing a check to our address.

## **Other Compensation**

Neither our firm nor investment advisor representatives accept any compensation for the sale of securities or other investment products. Our investment advisor representatives are not registered in any investment sales capacity.



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## PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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We do not charge performance-based fees or conduct side-by-side investment product management.

## TYPES OF CLIENTS

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We generally provide investment advice to individuals, high net-worth individuals, and charitable organizations.

We do not impose a minimum investment account(s) value.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

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### Methods of Analysis and Investment Strategies

Our firm generally utilizes fundamental analysis methods to analyze investments. Our primary sources of information include, but are not limited to, research materials prepared by others, the inspection of corporate activities, financial newspapers and magazines, annual reports, prospectuses, and corporate press releases.

The investment strategies recommended by our firm focus on strategic asset allocation. Our general recommendations consist of exchange-traded funds and mutual funds for long-term growth and income. Four key features highlight our investment strategies:

#### ***Asset Allocation***

Asset allocation is the attempt to identify classes of securities that have distinct characteristics of risk and return. Examples of “asset classes” are U.S. large-company stocks, U.S. small company stocks, value stocks, foreign stocks, and high-quality bonds. Plum Street Advisors’ goal is to combine these asset classes (and others) into a diversified portfolio that most efficiently maximizes return per unit of risk for clients. We generally utilize investments that accurately represent specific asset classes, such as low-cost index mutual funds, asset class mutual funds, and exchange-traded funds.

#### ***Active Rebalancing***

We set target ratios for each of the positions we hold in a client’s account. When positions deviate significantly from their target ratios, we will buy or sell investments to reallocate a portfolio to its target ratios. A client’s target ratios may also change over time as securities markets change or a client’s circumstances change. However, we do not engage in short-term market timing. If a client adds a significant amount of cash to a portfolio, we may invest the cash, if appropriate, over a period of months, using a strategy called “dollar-cost averaging.”

#### ***Limiting Costs***

We believe that costs have a significant impact on investment returns, and we attempt to reduce the total costs of investing as much as possible. We generally utilize low-cost index mutual funds, asset class mutual funds, exchange-traded funds with low internal expense ratios and low internal turnover rates. We do not use funds with internal sales charges, commissions, or “loads” such as 12b-1 fees or contingent deferred sales charges. Moreover, we do not engage in short-term trading.

#### ***Active Tax Management***

We utilize several strategies to minimize taxes on investments. These strategies, among others, may include allocating investments with high taxable incomes to tax-deferred accounts, using tax-exempt investments, realizing taxable losses, and utilizing funds with low turnover rates and small capital gains distributions. We also attempt to limit the turnover of investments in client portfolios to minimize the realization of taxable capital gains.

A strategic asset allocation strategy is a more passive portfolio management strategy. This strategy involves the periodic and less frequent rebalancing of a somewhat set allocation of various asset classes to maintain a long-term goal for the asset allocation based on an investor’s risk tolerance, goals, and investment time frame. On the other hand, a tactical asset allocation strategy is an active management portfolio strategy that adjusts the percentage of various asset classes. The adjustment includes strategies to protect cash or cash equivalents in periods of heightened volatility to take advantage of market pricing anomalies or strong market sectors.

While our investment strategies focus primarily on strategic asset allocation, we recommend and employ the methods and techniques that best meet our clients’ investment goals and objectives. It is important to note that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Instead, we review accounts individually and may deviate from the guidelines as we believe necessary or appropriate.

The specific strategy or portfolios that we recommend will depend on market conditions and our research at the time of the recommendation.

## Material Risks of Methods of Analysis and Investment Strategies

We utilize conventional analysis methods and investment strategies, and even so, there remains some level of material risk. Performance and capital preservation are not guaranteed; continually changing market conditions create the necessity of continuously re-evaluating each position held in the account portfolio periodically. Mutual funds will be assessed regularly against other comparable funds. A pattern of poor performance over time by a mutual fund will result in the mutual fund being eliminated from our strategy. We anticipate investing primarily in low-cost index mutual funds or asset class mutual funds.

Clients should be aware that all securities and investment strategies have various types of risks. While it is impossible to name all potential risks associated with our specific methods of analysis and investment strategies, some risks are as follows:

- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no explicable reason. This uncertainty means that, at times, the price of specific securities could go up or down without real cause and may take some time to recover any lost value. Adding additional securities may not help minimize this risk since all securities may be affected by market fluctuations. Market fluctuations will ultimately affect a client's portfolio holdings.
- **Financial Risks.** All companies have exposure to financial risks. Excessive borrowing to finance business operations increases insolvency risk because the company must meet the terms of its financial obligations in both good and bad economic times and may not be able to do so during economic downturns. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or declining market value of a company's securities. All businesses are susceptible to financial risks at some point in a business cycle. When we invest in companies with excessive debt, the financial risk of that company could negatively affect a client's portfolio holdings.
- **Asset Allocation Risks.** The asset classes represented in a client's portfolio holdings can perform differently from each other at any given time, as well as over the long term. A client's portfolio holdings will be affected by the allocation among equity securities, mutual funds, cash equivalents, and occasionally, options. If any asset class that comprises a client's holdings underperforms, the performance of other asset classes may suffer.
- **Time Horizon Risks.** A client may require the liquidation of portfolio holdings earlier than the anticipated stated time horizon. If liquidations occur during a period that portfolio values are low, the client will not realize as much value as he/she would have, had the portfolio holdings had the opportunity to gain value (or regain its value) as investments frequently do.
- **Investment Company Security Risks.** Investments in investment company securities ("mutual funds") and exchange-traded funds ("ETFs") have risks. This risk disclosure focuses on mutual funds. See specific details regarding ETF risks below. The risks associated with investing in mutual funds involve substantially the same risks as investing directly in the underlying securities (i.e., general market risks, interest rate risks, financial risks, time-horizon risks, liquidity risks, etc.). There is also a risk that a mutual fund may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the performance of a client's portfolio. Additionally, clients pay a pro-rata portion of the fees and expenses associated with mutual funds, which are likely to impact the value of a client's client portfolio holdings.
- **ETF Risks.** There are risks associated with investing in exchange-traded funds (ETFs) that may be unrecognized. ETFs are registered investment companies whose shares represent an interest in a portfolio of securities designed to track an underlying benchmark or index. ETFs are offered for all asset classes, industries, sectors, markets, etc. Although ETFs seek to track an underlying benchmark or index, the ETF may or may not hold all securities in the underlying benchmark or index. ETFs are also subject to price variations. ETFs trade throughout the day, and market prices are generally at or near the most recent net asset value (NAV). However, certain market inefficiencies may cause the shares to trade at a premium or discount to the stated NAV. For example, a high volume of market sells may cause ETFs to trade below the value of the underlying NAV.

Moreover, as with any security, there is no guarantee that an active secondary market for such ETF shares will continue to exist. Also, the redemption of ETFs can be limited. Only an authorized participant (generally broker-dealers that act as liquidity providers) may engage in the creation or redemption transactions of an ETF. Furthermore, ETFs typically have a limited number of broker-dealers that may act as authorized participants. To the extent that authorized participants exit the business or are unable to



proceed with creation or redemption orders, and no other authorized participant can step forward, the liquidity of an ETF is likely to be impacted and could face trading halts or delisting.

- **Risks related to Option Transactions.** Options are subject to risk factors that include but are not limited to volatility, lack of liquidity in underlying markets, state of the economy, and any legal, political, or geographic event that impacts the underlying security. The purchase or sale of options involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security for a specific price at a certain time or during a certain period. Purchasing options involve the risk that the underlying security does not change in price in the manner expected so that the option expires worthless and the investor loses the premium. On the other hand, selling options involve potentially greater risk because the investor is exposed to the actual price movement in the underlying investment in excess of the premium payment received. For more information regarding the risks associated with options, please read the Characteristics and Risks of Standardized Options brochure, which can be found at this website: [www.optionsclearing.com](http://www.optionsclearing.com).
- **Regulatory and Governmental Risk.** Changes in laws and regulations can change the value of securities. Certain industries are more susceptible to government regulation. If portfolio holdings are invested heavily in a particular sector or industry, correlating changes in zoning, tax structure, or specific industry regulations could impact returns or holdings.
- **Reliance on Advisor.** The performance of clients' portfolio holdings depends on the skill and expertise of our firm's staff to make appropriate investment decisions. The success of client portfolios depends on our firm's ability to develop and implement investment strategies and apply investment techniques and risk analyses to achieve a client's investment objectives. Subjective decisions made by us may cause portfolios to incur losses or to miss profit opportunities on which it may otherwise have capitalized. For example, our portfolios may include customized investment features that may impact the specific investment strategies implemented by our firm.

Notwithstanding the method of analysis or investment strategy employed by our firm, the assets within an investment portfolio are subject to the risk of devaluation or loss. Please be aware that many different events can affect the value of assets or portfolio holdings, including, but not limited to, changes in the financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters. While this information provides a synopsis of the events that may affect your investments, this listing is not exhaustive.

**INVESTING IN SECURITIES INVOLVES A RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR. CLIENTS MAY LOSE ALL OR A SUBSTANTIAL AMOUNT OF THEIR INVESTMENT.**

### Recommendation of Specific Types of Securities

Generally, our advice encompasses making recommendations relative to mutual funds and exchange-traded funds. We may, upon client request, incorporate other securities into the portfolio construction process.

## DISCIPLINARY INFORMATION

Neither our firm nor its management personnel has been involved in any industry-related legal or disciplinary event.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Financial Industry Activities

Our firm is not a registered broker-dealer, and we do not have any application pending for registration as a broker-dealer. Additionally, neither our management personnel nor investment advisor representatives are registered as or have applications pending to register as registered representatives of a broker-dealer.

### Financial Industry Affiliations

Neither our management nor investment advisor representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, nor have applications pending to register as the foregoing or associated persons thereof.

### Other Affiliations

We do not have an affiliated entity. Further, we do not have arrangements with a related person that is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, or other pooled investment vehicle (including mutual fund, closed-end investment company, unit investment trust,

private investment company, or “hedge fund,” and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, sponsor or syndicator of limited partnerships not already disclosed herein.

### Other Investment Advisers

We do not recommend other investment advisors to our clients.

## **CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### Code of Ethics

We require that all employees of Plum Street Advisors act ethically and professionally. Our management persons, investment advisor representatives, and other employees (collectively, “personnel”) subscribe to a strict code of ethics. Our Code of Ethics is constructed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. Our inherent fiduciary duty requires that we act solely in our clients’ best interests and adhere to standards of utmost integrity in our communications and transactions. These standards ensure that clients’ interests are given precedence.

Accordingly, we have implemented comprehensive policies, guidelines, and procedures that promote ethical conduct and practices by all of our personnel. The foregoing has been compiled and is collectively referred to as our Code of Ethics. We adopted our Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or perceived conflicts of interest) and establish reporting requirements and enforcement procedures related to personal securities transactions by our personnel.

Our Code of Ethics, which specifically deals with our fiduciary duty, professional standards, insider trading, personal trading, and gifts and entertainment, establishes our ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust.

We will provide a copy of our complete Code of Ethics to any client or prospective client upon request.

### Participation or Interest in Client Transactions

We do not recommend that clients buy or sell securities that any related person has a material financial or ownership interest.

### Personal Trading

#### Proprietary Trading

We will, at times, buy or sell securities for our firm account and personal accounts of our employees that we have also recommended to clients. We will always document any transactions that could be construed as a conflict of interest. Conflicts of interest relative to trades for our firm account or employees (“personal accounts”) may present in many different contexts. Some conflicts of interest related to personal trades include trading ahead to obtain a better transaction execution price than clients, recommendations or trades based on financial interest, trading on information that is not available to the public, or structuring transactions in a manner so that the results are profitable for the firm’s account or an employee’s (or any related) account. To mitigate or remedy any conflicts of interest or perceived conflicts, we monitor internal trading reports for adherence to our Code of Ethics.

#### Simultaneous Trading

From time to time, we are likely to buy or sell investments for our firm account and the personal accounts of our employees at or around the same time as clients. As summarized above, our Code of Ethics requires us to (1) act in accordance with all applicable federal and state regulations, (2) act in the best interest of clients, (3) pre-clear transactions in private placements, or initial public offerings, and (4) ensure that our chief compliance officer reviews personal securities transactions by employees to confirm adherence.

In any instance where similar securities are purchased or sold, we will uphold our fiduciary duty by ensuring that transactions are beneficial to clients’ interests.

## **BROKERAGE PRACTICES**

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### Selection and Recommendation

We recommend account custodians after evaluating several factors. The factors include but are not limited to relatively low fees and expenses, execution capabilities, reputation, access to securities markets, and expertise

in handling brokerage support processes. We may also consider the availability of other products and services that benefit our clients, many of which are not typically available to retail (non-advisory) clients.

Our firm maintains a custodial services agreement with Charles Schwab & Co. (hereinafter, “Schwab”). Schwab is a registered broker-dealer (member of FINRA and SIPC). We are participants of Schwab’s institutional services platform for independent investment advisors (known as Schwab Advisor Services™).

While we recommend that clients use Schwab as an account custodian, clients ultimately decide whether to do so and will open an account by entering into an account agreement directly with Schwab. We do not open the account, although we may assist clients in doing so. As outlined in the Other Fees & Expenses section, there are other costs and expenses related to managing the investments of clients’ accounts and advisory service provisions.

Although Schwab generally does not charge clients separately for custody services, it is usually compensated by charging transaction fees on trades and assessing account maintenance fees. Schwab is also compensated by the interest it earns on the uninvested cash (i.e., Schwab money market mutual funds) in client accounts and may be compensated by a client’s investments in other products and services offered through Schwab Advisor Services™.

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients’ accounts. Services provided by Schwab are not otherwise contingent upon our firm committing any specific amount of business to Schwab. The products and services assist us in managing and administering our clients’ accounts. Such services include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates the payment of our fees from our clients’ accounts
- Assists with back-office functions, recordkeeping, and client reporting

Additionally, Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Our firm may receive some of the services listed above, and in other cases, Schwab will arrange for third-party vendors to offer these services. Schwab may also discount or waive its fees for some of the services or pay all or a part of a third party’s fees. Schwab may also provide us with other benefits, such as the occasional business entertainment of our personnel.

Therefore, as a result of our established service agreement, cost implications, operational support, and custodial and other services provided, Schwab receives preferential status in the recommendation of account custodians to our clients for our advisory transactions.

Notwithstanding our agreement with Schwab, we reserve the right to use other or additional firms for custodial services.

### *1. Soft Dollar Benefits*

As a participant of institutional services platforms, we receive ancillary soft dollar benefits to support our advisory accounts and certain operational processes. The soft dollar benefits include but are not limited to duplicate client confirmations and bundled duplicate statements, access to a trading desk serving platform participants exclusively, access to block trading, which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, mechanisms to facilitate the deduction of advisory fees directly from client accounts, access to an electronic communication network for order entry and account information; receipt of compliance publications, and access to other products and services that are generally available to only institutional platform participants.

As of the date of this Brochure, we have not entered into any agreement with an account custodian, broker-dealer, or any other third party to receive soft dollar credits. Soft dollar credits are earned from clients' securities transactions as a result of an increase in transaction costs or commissions and subsequently used to pay for the research or other products or services provided by an account custodian. Therefore, although we receive ancillary soft dollar benefits, our firm does not earn soft dollar credits.

If Schwab discounts or waives fees related to client transactions or custodial services or pays for all or a part of any third party's fees, our receipt of these benefits from Schwab creates conflicts of interest. Such arrangements would incentivize us to recommend Schwab rather than other account custodians.

Nonetheless, our receipt of ancillary platform services and discount or waived service fees from Schwab does not diminish our duty to act in our clients' best interests, which includes, among other things, seeking best execution of trades for client accounts (i.e., best fees, services, and execution for client account transactions).

## *2. Brokerage for Client Referrals*

We do not receive client referrals from broker-dealers or other third parties in exchange for using any particular broker-dealer.

## *3. Directed Brokerage*

(a) As previously stated, we recommend that clients utilize Schwab. Our service agreement with Schwab is designed to maximize trading efficiencies and cost-effectiveness on behalf of our clients. By recommending that clients use Schwab as a broker-dealer custodian, we seek to achieve the most favorable results relative to trading costs, allocation of funds, and rebalancing client investments.

(b) We also permit clients to direct brokerage. If a client prefers a particular account custodian, we will notify the custodian of our advisor-client relationship and proceed accordingly. However, under such arrangements, we are typically limited in negotiating transaction costs or obtaining best execution. Also, we are unable to aggregate trades, and as a result, there are disparities in transaction costs among clients who use our recommended account custodian versus clients who prefer to use their own. More importantly, there are likely higher costs associated with brokerage transactions under a directed arrangement.

## *Order Aggregation*

In the ordinary course of business, we may (but are not obligated to) block or aggregate orders for all advisory accounts, including our firm account and personal accounts, to execute transactions in a more timely, equitable, cost-effective, and efficient manner. When we block or aggregate trades, purchase and sale orders are averaged as to price and allocated among accounts proportionally. This practice is reasonably likely to result in an administrative convenience for our firm and an overall economic benefit to clients. Clients benefit relatively with an averaged purchase or sell execution prices, lower transaction expenses, beneficial timing of transactions, or a combination of these and other factors.

If we decide that order aggregation is in the best interest of clients, before aggregating trades, we will prepare a written allocation statement specifying each advisory account that will participate in the aggregated order and the anticipated allocation among the accounts if the order is filled in its entirety. If the order is partially filled, allocations will be made according to our judgment of the best interest of each client, and such allocation decisions will be documented. For example, if an order is filled partially, client orders will be allocated before any personal account allocations. Each account participating in a block trade will pay or receive the average price for all shares included in the transactions for such securities on that day, to include applicable transaction costs.

Any change to an allocation must treat each client fairly and equitably and must be explained in writing and approved by our chief compliance officer promptly (generally no later than one hour) after the opening of the markets on the trading day following the day the order was executed.

Our firm does not receive any additional compensation or remuneration as a result of order aggregation. The chief compliance officer will review transactions periodically to detect and prevent inefficiencies that result from non-compliance with our order aggregation policies and procedures.

# REVIEW OF ACCOUNTS

## Periodic Reviews

Our criteria for reviewing client accounts are as follows:

### **1. Review of Portfolio Assets**

We review client account portfolios quarterly. Clients may request reviews more frequently. James Osborn and David Dirks both review client accounts. Our reviews consist of ongoing monitoring and analysis to determine

whether client portfolios and strategies continue to align with target allocations. If reallocation of investments is necessary, we may buy or sell investments that align with a client's investment goals and objectives.

Our lifetime financial models are based on the financial data that clients provide to our firm. Updates to the planning data are provided during several meetings prior to delivering the lifetime financial model report. After presenting the final version of the lifetime financial model, we may provide additional updates on an ad hoc basis. Reviews of the lifetime financial model report are also provided in conjunction with evaluating a client's portfolio management strategy. Still, formal reviews of the lifetime financial model are conducted no less than annually. Please note that clients are responsible for providing updates to the financial information in the lifetime financial model and other confidential questionnaires.

## **2. Retirement Plan Advisory Reviews**

***Defined Benefit Plan Services.*** We review the defined benefit plan assets under our management at least annually or more frequently as market or economic conditions dictate. Depending on the terms of engagement, we review the plan design, recommend allocation adjustments, and monitor investments to ensure conformance with the plan's investment policy statement. Our management recommendations are monitored continuously for changes in market activity that necessitate changes in investment styles or allocations.

***Defined Contribution Plan Services.*** Our reviews of defined contribution plans are limited and based solely on the type of services provided to the plan. Some services may require continual reviews, while others will require reviews at least quarterly or as needed to ensure alignment with the investment design and policies of the plan. Plan participants will not receive any scheduled reviews or ongoing reports as a result of our general educational service. These services do not include personalized investment advice.

## **Intermittent Review Factors**

Periodic reviews may be triggered by substantial market fluctuation, economic, business, or political events, or by changes in a client's financial status (such as retirement, termination of employment, relocation, or inheritance). Clients should contact us to initiate a review upon the occurrence of any of the foregoing events.

## **Client Reports**

We issue separate performance reports to clients regarding accounts quarterly. In addition to performance data, these reports include statements of gains and losses and a financial market summary. Please review our performance statements carefully, comparing the asset values in our reports to the asset values indicated in the account statements issued by the account custodian.

In addition to the reports we provide, clients receive transaction confirmations from the account custodian shortly after trading activity (buys or sells). Additionally, the account custodian will send monthly statements for each month in which there is trading activity. If there is no trading activity during any month, clients will receive account statements quarterly.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### **Economic Benefits for Advisory Services**

We do not have any arrangement to receive economic benefits from any third party for providing advisory services to our clients.

### **Client Referrals**

#### ***Referrals to Other Professionals***

When the need arises, we refer clients to other professionals such as accountants, attorneys, private bankers, insurance brokers, etc.

Our firm does not currently accept referral fees or other forms of remuneration for client referrals. Moreover, we do not compensate any person for referrals. Furthermore, clients are under no obligation to engage the services of such professionals. Clients retain absolute discretion over all such engagement decisions and are free to accept or reject any recommendation by our firm.

## **CUSTODY**

### **Custodian of Assets**

We do not hold physical custody of client funds or securities. We require that qualified custodians hold client assets. For more information regarding the qualified custodian (i.e., account custodian or broker-dealer) that services our accounts, please review the Brokerage Practices section. Our firm has indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients'



accounts; nonetheless, we have implemented safeguard requirements by requiring safekeeping of clients' funds and securities by an account custodian.

We also have indirect custody of client funds and securities due to utilizing asset movement authorizations to process account disbursements at a client's request. To ensure the safekeeping of assets subject to movement authorizations, we have implemented the requisite account custodian procedures for safeguarding client assets.

### Account Statements

The account custodian sends monthly or quarterly electronic notifications to clients regarding the availability of account statements. Clients are advised to review account statements carefully, comparing asset values, activity, holdings, allocations, performance, and advisory fees on current statements to those in previously received statements, confirmations, and advisory fee invoices.

## INVESTMENT DISCRETION

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### Discretionary Authority

It is customary for our firm to exercise discretionary authority to manage and direct the investments of clients' accounts. Discretionary authority is granted upon the execution of our advisory agreements. It is used to make and implement investment decisions without prior consultation with clients. Although we are not required to consult with clients, investment decisions are made in accordance with each client's stated investment objectives and investment policy statement.

At any time during our engagement, clients may advise us in writing of any limitations or restrictions on our discretionary authority. Clients may impose limitations on investing in securities in specific industries or countries, etc., as well as dollar amounts or percentage of investments.

In that we primarily implement advisory recommendations pursuant to discretionary authority, revoking our discretionary authority generally constitutes the termination of our advisory engagement; however, our firm will address this matter on a case-by-case basis.

## VOTING CLIENT SECURITIES

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Our firm does not cast proxy votes on behalf of clients. We may provide information for clarification of the issues presented in proxy solicitation materials; however, our clients are responsible for casting proxy votes. Clients are also responsible for directing shareholder action items relative to mergers, acquisitions, tender offers, bankruptcy proceedings, and other types of events about the securities held in accounts managed by us.

Clients receive proxy solicitation and information regarding shareholder action items by mail or electronically from the account custodian. Clients must follow the instructions for voting or implementing the action directed in the mailing or electronic delivery.

## FINANCIAL INFORMATION

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### Balance Sheet Requirement

Our firm does not require or solicit prepayment of more than \$1,200 in advisory fees per client, six (6) months or more in advance. Moreover, we do not meet any custody requirements that would require submitting a balance sheet.

### Discretionary Authority, Custody of Client Funds or Securities and Financial Condition

We exercise discretionary authority to supervise and direct the investments in clients' accounts. Additionally, we have indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients' accounts. More importantly, we do not have any financial condition that will impair our ability to meet contractual commitments to clients.

### Bankruptcy Petition Filings

Our firm has not been the subject of a bankruptcy petition at any time during the past ten (10) years.

## ADDITIONAL DISCLOSURES

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*This section covers additional information and conflicts of interest related to our business, not specifically mentioned previously. If you have any questions regarding the information or conflicts of interest listed below, please do not hesitate to request additional details or clarification.*



## CFP Board Disclosures

Our firm employs a CERTIFIED FINANCIAL PLANNER™ professional, James Osborn. Please review James Osborn's Brochure supplement for details regarding the conferment of his CFP® professional designation. Accordingly, we also adhere to the CFP Board's Standards of Professional Conduct.

We encourage clients to review all of the information outlined in this Brochure, which serves as our disclosure document. We welcome any questions that clients may have regarding our services (see Advisory Services section) and compensation (see Fees and Compensation section).

Should any material changes occur to the information outlined in this Brochure, updates will be provided to clients in a reasonable time frame, generally within thirty (30) days as required by advisory regulations. We acknowledge our responsibility to adhere to the standards established by the CFP Board's Standards of Professional Conduct, including the duty of care of a fiduciary, as defined by the CFP Board.

## Retirement Plan Rollovers

Existing clients or prospective clients leaving an employer typically have four (4) options regarding assets in an existing retirement plan:

1. roll over the assets to the new employer's plan, if available, and rollovers are permitted;
2. leave the assets in the former employer's plan if allowed;
3. roll over the assets to an Individual Retirement Account ("IRA"); or
4. cash out the account value (adverse tax consequences may be applicable).

If we recommend that a client roll over retirement plan assets into an account to be managed by our firm, such a recommendation creates a conflict of interest because we will earn an advisory fee as a result of the rollover. As a fiduciary, we are required to ensure that such a recommendation is in a client's best interest.