



Reason Financial

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This brochure provides information about the qualifications and business practices of Reason Financial. Reason Financial is a Registered Investment Adviser. Registration does not imply a certain level of skill or training.

If you have questions about the contents of this brochure, please call Reason Financial at (858) 483-7500 or e-mail us at info@yourreason.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 Reason Financial (CRD# 133658) also is available on the SEC's website at www.adviserinfo.sec.gov.

Part 2A of Form ADV: Firm Brochure

February 2021

Item 2 Material Changes

This Item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

The date of the last annual amendment to this Brochure is February 2020.

Since that date, we made the following changes:

January 2021

- Item 5 was updated to indicate clients are permitted to remit a check payable to Reason Financial for services rendered or to pay via credit card through a third party vendor (currently authorize.net). It was also revised to disclose clients can terminate the client agreement, without penalty, upon verbal or written notice within five (5) business days after entering into the advisory agreement. Thereafter, the client may terminate investment advisory services upon written notice to terminate. Clients will be responsible for any time spent by Reason Financial in providing advisory services or analyzing the client's situation. If any pre-paid financial planning fees are not yet earned, the client will receive a prorated refund of those fees. For any financial planning fees that are payable in arrears, the client is responsible for a prorated fee based on services performed prior to termination of the financial planning agreement. Should a client terminate financial planning services prior to the presentation of the financial plan, if requested, Reason Financial will provide the client with a copy of Reason Financial's work up to the termination date.
- Item 10 was revised to disclose that management and supervised persons of Reason Financial are Registered Representatives with a broker-dealer, LPL Financial LLC, and are Investment Adviser Representatives of Merit Financial Group, LLC as well as Investment Adviser Representatives of LPL Financial LLC. Reason Financial attempts to mitigate the conflicts of interest with the receipt of commissions and/or advisory fees if recommendations are implemented by providing you with these disclosures.

November 2020

- The Brochure (ADV Part 2A) and Brochure Supplements (ADV Part 2Bs) were revised to disclose that Advisory Representatives of Reason Financial are no longer registered with Avantax Investment ServicesSM and Avantax Advisory ServicesSM. They are separately registered as Registered Representatives and Investment Adviser Representatives of LPL Financial LLC. As well, Reason Financial no longer offers investment management services. Investment management services are offered through our Advisory Representatives' separate role as Investment Adviser Representatives of Merit Financial Group, LLC and/or LPL Financial, LLC.
- Item 4 was revised to disclose that Reason Financial provides financial and tax planning services but no longer offers asset management services. As a result, Reason Financial transitioned from SEC registration to state registration in January 2021.
- Item 5 was amended to disclose that Reason Financial's Advisory Representatives will receive additional compensation if financial planning recommendations are implemented through the Advisory Representatives in their role as Investment Adviser Representatives of Merit Financial Group, LLC, Registered Representatives or Investment Adviser Representatives of LPL Financial, LLC and/or insurance agents. It was also revised to explain that Reason Financial offers financial planning and tax planning services. Tax planning for non-advisory clients and tax preparation services for advisory and non-advisory clients are offered through Reason Tax Group, LLC which is owned by Steven Pollock, President, and Sean Storck, Vice President.
- Item 7 was changed to state that Reason Financial does not require a minimum amount of

assets for a client to obtain our financial planning services.

- Item 10 was revised as Reason Financial's Investment Adviser Representatives no longer offer real estate referral services.
- In Item 12, we state that Reason Financial does not offer asset management services and is not involved in trade aggregation.
- Item 13 was revised to disclose that Reason Financial's Advisory Representatives, when acting as Registered Representatives or Investment Adviser Representatives of LPL Financial LLC, are also subject to review by the Compliance Officer at LPL Financial LLC. Reason Financial's Advisory Representatives, when acting as Investment Adviser Representatives of Merit Financial Group, LLC are subject to review by the Compliance Officer of Merit Financial Group, LLC.
- Item 14 was revised to disclose that LPL Financial, LLC provided our principals and Advisory Representatives, Steven Pollack and Sean Storck, with a forgivable loan to assist with transitioning business onto the LPL Financial custodial platform. To achieve loan forgiveness, they are required to reach a certain threshold of client assets held at LPL Financial. Further information appears in the Advisory Representative's Brochure Supplement, ADV Part 2B.
- In Item 15, we state that Reason Financial does not have custody of your funds or securities.
- Item 16 was revised to disclose that Reason Financial does not provide discretionary asset management services.
- Item 18 was updated to disclose a Paycheck Protection Program ("PPP") loan our firm has taken to support our ongoing operations. It was also revised to state that Reason Financial will not require you to prepay more than \$500 and six or more months in advance of receiving the financial planning service.
- Item 19 was added to disclose requirements for State-Registered Advisers. As required by California Code of Regulations Section 260.238(k), we updated this section to state that any material conflicts of interest have been disclosed.

You will receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

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

Our brochure may be requested free of charge by contacting Steve Pollock at (858) 483-7500 or e-mail us at info@YourReason.com. Additional information about Reason Financial is also available via the SEC's website www.adviserinfo.sec.gov. The website also provides information about any persons affiliated with Reason Financial who are registered, or are required to be registered, as investment adviser representatives of Reason Financial.

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Item 4 Advisory Business

Incorporated in January 2000, Reason Financial is an investment advisory firm with an office in San Diego, California. Reason Financial is owned by The Pollock Living Trust and The Storck Family Trust. Steven Pollock serves as Director, Chief Financial Officer, Chief Compliance Officer and President, and Sean Storck serves as Director and Vice President.

Reason Financial has been registered as an investment adviser since July 2000. As a Registered Investment Adviser with the State of California, Reason Financial provides Clients with financial planning services tailored to a Client's individual needs.

Tax Planning services provide individuals and business an analysis of their current tax position and identify opportunities to plan for and implement legal tax reduction strategies.

Financial and Tax Planning

Reason Financial and its Advisory Representatives offer financial and tax planning services. Advisory Representatives will gather financial information from the Client including but not limited to retirement goals, financial goals, objectives, and investment horizon, in order to assist the Client to develop an understanding of their financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies and other applicable financial information. Based upon a Client's needs, the Advisory Representatives will prepare a written financial plan that may be comprehensive or modular in nature or modular, as dictated by the Client's needs.

Financial plans are based on the Client's financial situation at the time the plans are prepared and are based on financial information disclosed by the Client to Reason Financial. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance and Reason Financial or Reason Financial's Advisory Representatives cannot offer any guarantees or promises that Client's financial goals and objectives will be met. Further, the Client must continue to review any plan on a regular basis and update the plan based upon changes in the Client's financial situation, goals or objectives or relevant economic factors. Should the Client's financial situation, goals, objectives or needs change, the Client is responsible for notifying Reason Financial in a timely manner of the changes. Reason Financial's Advisory Representatives will earn commissions and/or advisory fees when the Client chooses to implement some or all of the plan recommendations through the Advisory Representative. A conflict exists between the interest of Reason Financial and the client when implemented through Reason Financial's Advisory Representatives in their separate roles as Investment Adviser Representatives of Merit Financial Group, LLC, Registered Representatives or Investment Adviser Representatives of LPL Financial, LLC, and/or insurance agents.

The Client may elect at their sole discretion, whether to implement some of or the entire plan recommendations through Reason Financial's Advisory Representatives, or any other broker-dealers or money managers the Client may choose.

With respect to the advisory services offered by Reason Financial, the following information is provided:

- A conflict exists between Reason Financial's interest and a client's interest.
- A client is under no obligation to act upon Reason Financial's recommendations.
- A client is under no obligation to effect transactions through Reason Financial's Advisory Representatives.

All material conflicts of interest have been disclosed to the best of our knowledge in this Brochure regarding Reason Financial and its Advisory Representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice.

IRA Rollover Considerations

As part of our consulting and advisory services, we may provide you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
 - a. Employer retirement plans generally have a more limited investment menu than IRAs.
 - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
 - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
 - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
 - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there may be a fee associated with the services that is more or less than our asset management fee.
3. The IRA provider's strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.

a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.

7. You may be able to take out a loan on your 401k, but not from an IRA.

8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.

9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.

10. Your plan may allow you to hire another firm as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

As a financial and tax planning only firm, Reason Financial does not participate in a wrap fee program nor does it provide asset management services.

Item 5 Fees and Compensation

Hourly rates are charged for financial and tax planning services. Reason Financial's Advisory Representatives will receive additional compensation if financial planning recommendations are implemented through the Advisory Representatives in their role as Investment Adviser Representatives of Merit Financial Group, LLC, Registered Representatives or Investment Adviser Representatives of LPL Financial, LLC and/or insurance agents.

Hourly Charges

Reason Financial is compensated for providing Financial Planning Services. Fees are determined by Reason Financial based upon its assessment of the services agreed upon and the complexity of Client's financial circumstances. The fee for services as outlined in Agreement shall be due upon receipt of invoice. The fee is based on an hourly rate of \$400 per hour. A retainer of \$_____ (not to exceed 50% of the agreed upon fee) is due at the time the agreement is signed with the remainder of the fee due upon invoice.

An invoice will be emailed to the responsible party. Clients are permitted to remit a check payable to Reason Financial for services rendered or to pay via credit card through a third party vendor (currently authorize.net). Reason Financial's compensation shall not be based in whole or in part on any share of any capital gains or capital appreciation of Client's funds or any portion of Client's funds. The fee shall not be based upon performance of Client's portfolio, but rather is determined by such factors as the time and expertise needed to produce the type of financial plan desired by Client as well as the complexity of Client's financial situation.

It is solely the Client's choice whether implementation of all (or a portion) of the recommendations in the plan is done through Reason Financial's Advisory Representatives or other broker-dealers or money managers chosen by the Client that are not affiliated with Reason Financial. The Client has the option to purchase investment products recommended by Reason Financial through other brokers or agents or to decline to implement the planning recommendations.

Reason Financial may, at its sole discretion, waive some or all charges for Reason Financial's Financial Planning and/or Tax Planning Services.

Reason Financial's President, Steve Pollock, and Vice President, Sean Storck are the owners of Reason Tax Group, LLC which offers income tax planning for non-advisory clients and tax preparation services to advisory and non-advisory Clients. Fees charged for income tax planning and preparation services are in addition to any advisory fees charged for financial planning services. Clients of Reason Financial may be offered discounted tax preparation fees. Clients are under no obligation to use Reason Tax Group. For more information, please refer to Item 10, Other Financial Industry Activities and Affiliations.

Clients may terminate services at any time upon written notice. You may terminate the client agreement, without penalty, upon verbal or written notice within five (5) business days after entering into the advisory agreement with us. Thereafter, you may terminate investment advisory services upon written notice to terminate. You will be responsible for any time spent by us in providing advisory services or analyzing your situation. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. For any financial planning fees that are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement. Should you terminate our financial planning services prior to the presentation of the financial plan, if requested, we will provide you with a copy of our work up to the termination date.

Additional Compensation

Investment Adviser Representatives of Reason Financial are also Registered Representatives of LPL Financial, LLC, a registered broker-dealer, member Financial Industry Regulatory Authority (FINRA) and SIPC. Financial Planning recommendations may be implemented through Reason Financial Advisory Representatives in their separate roles as Investment Adviser Representatives of Merit Financial Group, LLC, Registered Representatives or Investment Adviser Representatives of LPL Financial, LLC, as insurance agents, or all four. Merit Financial Group, LLC is an SEC-registered investment advisory firm.

When a Non-Advisory transaction (i.e. commissions are paid) is implemented by an LPL Financial LLC Registered Representative on behalf of the Client, the Registered Representative receives commissions from the sale of investment products, including the sale of mutual funds. As referenced above, mutual funds assess charges and fees at the fund level, including fees for investment management services and 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. Registered Representatives can receive all or a portion of these 12b-1 fees. In the context of providing investment services in a commission based setting, the presence of these 12b-1 fees present a conflict of interest because it provides the Registered Representative with an incentive to recommend the investment products which include such fees.

Client has the option to purchase investment products recommended by Advisory Representatives through other brokers or agents that are not affiliated with Reason Financial.

Lower fees for comparable services offered by Reason Financial may be available from other sources. The receipt of commissions for the sale of securities and insurance products and/or 12b-1 fees is a conflict of interest and gives Reason Financial and its Advisory Representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Reason Financial will attempt to mitigate conflicts of interest by:

- Informing you of conflict of interest in this Disclosure Brochure.

- Maintaining and abiding by our Code of Ethics which requires us to place your interest first and foremost.
- Routine review of transactions.
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.
- Recognizing and advising you Reason Financial is a fiduciary and has an obligation to conduct its business in the best interest of its clients and not in Reason Financial's interest.

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

Reason Financial does not charge performance-based fees and does not participate in side-by-side management.

Item 7 Types of Clients

Reason Financial generally provides advisory services to individuals (other than high-net-worth individuals) and high-net-worth individuals.

Reason Financial does not require a minimum amount of assets for a client to obtain our financial planning services.

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

Reason Financial investment philosophy is based on the principle of diversification and asset allocation.

Diversification is designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to generate correlated returns at the same time. This philosophy is based on Nobel Prize winning concepts known collectively as Modern Portfolio Theory.

Simply stated, modern portfolio theory teaches that long-term investment strategy should not focus on short-term results and should not necessarily avoid "risky" investments. In fact, modern portfolio theory states that no investments are "always" imprudent. Rather, research demonstrates that investment returns correlate strongly with risk and that it is only by accepting "risk" into the portfolio and satisfactorily diversifying the portfolio of investments that can truly grow, preserve, and protect against taxes and inflation in a portfolio. Because risk and return are linked, the main task is not to avoid risk but to manage it prudently; in other words, to define risk and return objectives reasonably suited to the account and to evaluate and make decisions respecting asset classes and individual securities in the context of the portfolio as a whole.

In 1952, Nobel Laureate Dr. Harry Markowitz took the practice of investing to an entirely new level by developing a process that enabled investors to optimize the benefits of diversification. That process is known today as strategic asset allocation. Dr. Markowitz's work has served as the bedrock for smart investing for almost six decades and continues to do so today.

Asset allocation takes the idea of diversification one step further by combining multiple asset classes so that no one asset class will have a significant adverse impact on your overall portfolio. The combination of different asset classes allows investors to construct efficient portfolios that provide the highest amount of expected return for a given level of expected risk.

Risk of loss for all types of analysis

Investment portfolios, programs, models, asset allocations, or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be periods of loss in the future.

Neither diversification nor asset allocation assure a profit or protect a Client's investment portfolio against a loss.

All investment programs have certain risks that the Client must bear. Reason Financial's investment approach regularly keeps the risk of loss in mind. Clients face investment risks including:

Interest rate risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market risk: The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation risk: The risk is that the rate of inflation will exceed the rate of return on an investment.

Currency risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment risk: This is the risk that future proceeds from investments may have to be reinvested at potentially lower rates of return (i.e. interest rate). This is primarily to fixed income securities.

Business risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders or investors are frequently buying or selling that type of asset. For example, Treasury bills are highly liquid, while real estate properties are not.

Financial risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in cash crises, bankruptcy and/or declining market value.

Credit Risk: Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

Risks of investing outside the U.S. Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a

private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

There are risks inherent in all financial decisions and transactions.

Investment decisions that Clients make are subject to various market, currency, economic, political and business risks. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client or potential Client's evaluation of Reason Financial or the integrity of Reason Financial's management.

Reason Financial and the management personnel of Reason Financial have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Tax Preparation and Planning

Reason Financial's President, Steve Pollock, and Vice President, Sean Storck are the owners of Reason Tax Group, LLC. Income tax planning and preparation services are provided to advisory and non-advisory Clients. Fees charged for income tax planning and preparation services are in addition to any advisory fees charged for financial planning services. Fees for these services are charged at both hourly rates of between \$180 and \$250 per hour and by schedule. Discounted income tax preparation fees may be offered to clients of Reason Financial. Clients are under no obligation to use Reason Tax Group.

Insurance Sales

Reason Financial's Advisory Representatives are agents and/or brokers of various insurance companies. Advisory Representatives are able to effect insurance recommendations if the Client elects to have insurance recommendations implemented. These individuals receive compensation for insurance and/or annuity implementation. This compensation is paid to the agent. Reason Financial receives no portion of this compensation. Clients are not obligated to use any of these individuals for insurance product purchases.

Material Business Arrangements

Management persons or an associated person of Reason Financial are not registered as, nor do they have an application pending to register as, a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. Management and supervised persons of Reason Financial are registered as Registered Representatives with a broker-dealer, LPL Financial LLC. Additionally, management and supervised persons are Investment Adviser Representatives of Merit Financial Group, LLC as well as Investment Adviser Representatives of LPL Financial LLC. Reason Financial is not affiliated with or related to Merit Financial Group, LLC or LPL Financial LLC.

Reason Financial attempts to mitigate the conflicts of interest with the receipt of commissions and/or advisory fees if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through

other financial professionals. Furthermore, as Registered Representatives with LPL Financial LLC, Advisory Representatives are subject to a supervisory structure at LPL Financial LLC for their securities business.

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

Reason Financial has adopted a Code of Ethics which governs a number of potential conflicts of interest Reason Financial and its IARs have when providing advisory services to our Clients. Reason Financial's Code of Ethics is designed to ensure that Reason Financial and its IARs meet and maintain a high standard of business conduct, and meet their fiduciary responsibilities to their Clients. In addition, Reason Financial's Code of Ethics is designed to foster a culture of compliance and responsibility throughout Reason Financial and its IARs.

Reason Financial's Code of Ethics is comprehensive and is designed to help detect and prevent violations of securities laws, and to help ensure that Reason Financial and its IARs place the Clients' interests above their own at all times.

Reason Financial distributes its Code of Ethics to each of its employees and affiliated or supervised persons at the time they begin their employment or affiliation or supervision with Reason Financial. Reason Financial's Code of Ethics remains available to each employee, affiliate, or supervised person for as long as he or she remains associated with Reason Financial, and Reason Financial ensures that updates to its Code of Ethics are communicated to each employee, affiliate, and supervised person whenever changes are made.

Reason Financial's Code of Ethics sets forth certain standards of conduct and address potential conflicts of interest among its employees, agents, advisors, and advisory Clients.

- Employees and advisory representatives shall comply with all applicable federal and state laws and all rules and regulations of any governmental agency or self-regulatory organization as well as our procedures governing his/her actions.
- Employees and advisory representatives shall comply with all laws and regulations, and our prohibition against insider trading.
- Employees and advisory representatives shall have and maintain knowledge of and shall comply with the provisions of our Code of Ethics.
- Employees and advisory representatives shall report any known violations of our Code of Ethics.
- Employees and advisory representatives shall act in a manner consistent with their fiduciary obligation to our Clients and shall not deprive any Client account of an investment opportunity in order to personally benefit from that opportunity.
- Employees and advisory representatives shall not engage in an outside business activity for compensation without the knowledge and approval of our compliance department.
- Advisory representatives, in making investment recommendations or taking any investment actions, shall exercise diligence and thoroughness, and shall have a reasonable basis for any such recommendation.

- Advisory representatives shall not attempt to improperly influence for their own personal benefit any investment strategy to be followed or investment action to be taken by us for your accounts.
- Advisory representatives shall not attempt to improperly use, for their own personal benefit, any knowledge, whether obtained through the advisor's relationship with us or otherwise, of any investment recommendation made or to be made, or of any investment action taken or to be taken by us.
- Employees and advisory representatives shall not disclose any non-public information relating to your accounts' portfolio or transactions or to our investment recommendations, nor shall any employee or advisory representative disclose any non-public information relating to our business or operations unless properly authorized to do so.
- Employees and advisory representatives shall not accept, directly or indirectly, from another party who transacts business with us or your accounts, any gifts, gratuities or other items of more than de minimis value.
- Employees and advisory representatives shall comply with the personal securities transactions provision of our Code of Ethics.
- Employees and advisory representatives shall not engage in short-swing trading or market timing.
- Employees and advisory representatives found to have violated the provisions of our Code of Ethics may be subject to sanctions up to and including restrictions on personal securities transactions, letters of reprimand, additional continuing education requirements, fines, suspension or termination.
- Employees and advisory representatives may also be required to disgorge any profits realized or losses avoided for transactions in securities that are inconsistent with the provisions of our Code of Ethics.
- Employees and advisory representatives found to have violated any of the insider trading provisions of our Code of Ethics may be subject to additional penalties under federal regulatory authorities including revocation of licenses and registrations, substantial monetary fines and/or imprisonment.

Reason Financial's Code of Ethics is made available to any Client or prospect upon request in writing to Reason Financial, PO Box 90487, San Diego, CA 92169 or by email to info@yourreason.com.

As a financial and tax planning only firm, Reason Financial does not recommend to, or buy or sell for client accounts, any securities in which the firm or any related person has a material financial interest. Further, as a financial and tax planning only firm, Reason Financial does not make specific securities recommendations to clients.

Item 12 Brokerage Practices

As previously stated, Advisory Representatives are Registered Representatives of LPL Financial LLC. As a result, they are subject to FINRA Conduct Rule 3040 which restrict them from conducting securities transactions away from LPL Financial LLC unless LPL Financial LLC provides written authorization. Reason Financial is independently owned and operated and not affiliated with LPL Financial LLC.

Not all investment advisory firms require their Clients to direct brokerage through a specified broker-dealer. However, the services provided by Reason Financial will be limited to only advice. The execution cost and commissions may be higher or lower at LPL Financial LLC and more favorable execution could be obtained from other broker-dealers. Reason Financial receives an economic benefit from using LPL Financial LLC that it might not receive from another broker-dealer. LPL Financial LLC provides Reason Financial and its Advisory Representatives with technology, education, research and support services necessary to Reason Financial's practice. Reason Financial would not necessarily receive these benefits if using a different broker-dealer.

In addition, Advisory Representatives of Reason Financial are also Investment Adviser Representatives of Merit Financial Group, LLC.

In initially selecting LPL Financial LLC, Reason Financial conducted due diligence. Reason Financial's evaluation and criteria includes:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to Reason Financial
- Availability of an efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

LPL Financial LLC has a wide range of approved securities products for which LPL Financial LLC performs due diligence prior to selection. LPL Financial LLC's Registered Representatives are required to adhere to these products when implementing securities transactions through LPL Financial LLC. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. LPL Financial LLC also provides Advisory Representatives, and therefore the Reason Financial, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and Reason Financial manage and further develop its business enterprise.

We believe our recommendation of LPL Financial LLC and/or Merit Financial Group LLC is appropriate based on the level of service provided and the appropriate fees charged.

Aggregated Trades

Reason Financial does not offer asset management services and is not involved in trade aggregation.

Item 13 Review of Accounts

Advisory activities are supervised in several ways and at various stages of the Client relationship by Reason Financial, through Reason Financial's broker-dealer, LPL Financial LLC, and through Merit Financial Group, LLC.

Reason Financial's Advisory Representatives, when acting as Registered Representatives or Investment Adviser Representatives of LPL Financial LLC, are also subject to review by the Compliance Officer at LPL Financial LLC. Reason Financial's Advisory Representatives, when acting as Investment Adviser Representatives of Merit Financial Group, LLC are subject to review by the Compliance Officer of Merit Financial Group, LLC. Advisory Representatives of Reason Financial review all financial plans and perform various analyses prior to any plan being presented to a Client.

Item 14 Client Referrals and Other Compensation

Product vendors recommended by Reason Financial can provide monetary and non-monetary assistance with client events, educational tools and resources. Reason Financial does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. Reason Financial's due diligence of a product does not take into consideration any assistance it may receive.

LPL Financial LLC offers incentives to attend certain conferences based on achieving production thresholds. There is no requirement to sell a certain product or amount of a specific product. Qualification for trips and conferences is based on overall production and meeting the production levels determined by LPL Financial LLC. If the thresholds are satisfied, LPL Financial LLC covers certain travel and conference costs. This is a conflict of interest. To mitigate this conflict of interest, this disclosure has been provided to you.

LPL Financial, LLC provided our principals and Advisory Representatives, Steven Pollack and Sean Storck, with a forgivable loan to assist with transitioning business onto the LPL Financial custodial platform. To achieve loan forgiveness, they are required to reach a certain threshold of client assets held at LPL Financial. Steve and Sean may receive additional loans from LPL Financial in the future if a certain level of client assets on LPL's custodial platform is maintained. This presents a conflict of interest in that they have an incentive to recommend that you maintain your account with LPL Financial in order to have the loan forgiven. However, to the extent LPL Financial is recommended for such services, it is because they believe it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial. Further information appears in the Advisory Representative's Brochure Supplement, ADV Part 2B.

Reason Financial does not directly or indirectly compensate any person who is not a supervised person of Reason Financial for referrals.

Item 15 Custody

Reason Financial does not have custody of your funds or securities.

Item 16 Investment Discretion

Reason Financial does not provide discretionary asset management services.

Item 17 Voting Client Securities

As a matter of firm policy and practice, Reason Financial does not have any authority to, and does not, vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios.

Item 18 Financial Information

Reason Financial is required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. On May 5, 2020, the firm received a Paycheck Protection Program ("PPP") loan in the amount of \$112,352.00 through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, we believed it was necessary and prudent for us to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support our ongoing operations. The firm used the PPP funds to continue payroll for the firm's employees, including employees primarily responsible for performing advisory functions for our clients, and make other permissible payments. The loan is forgivable provided the firm satisfies the terms of the loan program.

Reason Financial has never been the subject of a bankruptcy proceeding.

Reason Financial will not require you to prepay more than \$500 and six or more months in advance of receiving the financial planning service.

Item 19 Requirements for State-Registered Advisers

A. Steven Pollock serves as Director, President, Chief Financial Officer, and Chief Compliance Officer. Sean Storck serves as Director and Vice President. Both are Advisory Representatives of Reason Financial. Information about their formal education, business background, and other businesses in which they are actively engaged can be found in the attached Brochure Supplements (ADV Part 2B).

B. Reason Financial is not actively engaged in any business other than providing financial planning.

C. Neither Reason Financial nor any of its supervised persons charges performance-based fees.

D. Neither Reason Financial nor any of its management personnel have been the subject of a reportable legal or disciplinary event including a civil, self-regulatory or organization, or administrative proceeding.

E. Neither Reason Financial nor any of its management personnel have any arrangement or relationship with any issuer of securities that is not previously disclosed in Item 10C above.

As per California Code of Regulations Section 260.238(k), any material conflicts of interest have been disclosed.