

**Item 1: Cover Page
Part 2A of Form ADV: Firm Brochure
February 2021**



**MAGNOLIA LANE
FINANCIAL ADVISORS**

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**Firm Contact:
Eric Gerster
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Magnolia Lane Financial Advisors, LLC. If clients have any questions about the contents of this brochure, please contact us at (443) 812-0547 or email at info@maglanefa.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 our firm is also available on the SEC's website at www.adviserinfo.sec.gov by searching CRD #175098.

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

Item 2: Material Changes

Magnolia Lane Financial Advisors, LLC is required to notify clients of any information that has changed since the last annual update of the Firm Brochure ("Brochure") that may be important to them. Clients can request a full copy of our Brochure or contact us with any questions that they may have about the changes.

Since the last annual amendment filed on 01/28/2020, the following changes have been made:

- Our firm has applied for registration with the SEC. As a result, some language has been updated to reflect this change. Please refer to Item 4, 5, & 15 for additional information. Further, as a result of the change in registration, our firm has removed Item 19 from this brochure.
- Our firm allows for our clients to engage in third party money movement. Please refer to Item 15 for additional information.

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Item 4: Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State of Connecticut and has been in business as an independent registered investment adviser since April 2015. Our firm is owned and managed by Eric Gerster who has worked as an institutional portfolio manager and analyst for over 15 years.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Types of Advisory Services Offered

Comprehensive Portfolio Management:

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning or financial consulting to clients. This service is designed to assist clients in meeting their financial goals through the use of financial investments. Our firm conducts at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is proposed to the client consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, alternative investments or other securities. Upon the client's agreement to the proposed investment plan, our firm will work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, they are reviewed on a regular basis and at least quarterly. If necessary, they are rebalanced or adjusted based upon the client's individual needs, stated goals and objectives. If the client experiences any significant changes in financial or personal circumstances, the client must notify our firm so that we can consider such information in managing the client's investments.

Financial Consulting:

Our firm provides a variety of standalone financial consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial consulting services will typically involve rendering of one or more financial consultations for clients based on the client's financial goals and objectives. This consulting may encompass Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. Implementation of the recommendations will be at the discretion of the client. Since our firm can implement our recommendation provided through this service, a conflict of interest exists. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through us.

Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal. Assuming that all the information and documents requested from the client are provided promptly, plans or consultations are typically completed within 6 months of the client signing a contract with our firm.

Employer-Sponsored ERISA Plan Consulting:

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

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

Tailoring of Advisory Services

Our firm offers individualized investment advice all of our clients. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

Participation in Wrap Fee Programs

Our firm does not offer or sponsor a wrap fee program.

Regulatory Assets Under Management

Our firm manages \$113,925,991 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2020.

Item 5: Fees & Compensation

Compensation for Our Advisory Services

Comprehensive Portfolio Management:

The maximum annual fee charged for this service will not exceed 1.50% of assets under management. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Your initial advisory fee will include a pro-rated amount for services rendered from the account settlement date with the qualified custodian. Clients may receive reduced fees for large account balances. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms; and
- c) Our firm will send an invoice directly to the custodian. If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Financial Consulting:

Our firm charges on an hourly or flat fee basis for financial consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$500. Flat fees range from \$750 to \$10,000.

Our firm requires a retainer of 50% of the ultimate financial consulting fee at the time of signing. The remainder of the fee will be directly billed to the clients in 2 installments of 25% of the remaining fee starting at the beginning of the third quarter following payment of the initial retainer. Payments are due within 30 days of being billed. In all cases, our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

Employer-Sponsored ERISA Plan Consulting:

Our firm charges on an hourly or flat fee basis for employer-sponsored ERISA plan consulting services. The total estimated fee, as well as the ultimate fee that charged, is based on the scope and complexity of our engagement with the client. Our firm's hourly fee is \$500. Our flat fees generally range from \$750 to \$10,000 or may be charged as a percentage of assets within the plan not to exceed 1.50%.

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

In cases where the fee is charged as a percentage of assets within the plan, the ongoing fee shall be due and payable quarterly in advance based upon the value of the Plan's Account(s) on the last day of the quarter. Should the Plan have more than one Account, the Fee shall be payable in proportion to the respective Account value(s). The Adviser's fees will be debited directly from the Plan's Account(s) and Client authorizes the custodian for the Plan assets, which may be upon instruction from the Plan's administrator, to deduct Adviser's fees directly from the Plan's Account(s). Client shall have the responsibility to verify the accuracy of the fee calculation, and Client acknowledges that the custodian shall have no responsibility to determine whether the fee is properly calculated. Adviser shall not be compensated on the basis of a share of capital gains or capital appreciation of the Plan's Account(s).

Other Types of Fees & Expenses

Clients will incur transaction fees for trades executed by their chosen custodian via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

Termination & Refunds

Either party may terminate the advisory agreement signed with our firm for Comprehensive Portfolio Management services in writing at any time. Upon notice of termination our firm will proceed to close out the client's account and process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

Either party may terminate the advisory agreement signed with our firm for Financial Consulting services at any time by providing written notice. For purposes of calculating refunds, the initial retainer is not reimbursable unless the termination should occur within the first thirty days following the execution of this agreement. Subsequent to this period the reimbursement shall be the lesser of 50% of the total annual fee or an amount subtracting the number of hours worked by us up to the point of termination calculated at the hourly rate currently in effect from the total annual fee.

Either party to an Employer-Sponsored ERISA Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

Commissionable Securities Sales

Our firm and representatives do not sell securities for a commission in advisory accounts.

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

Our firm does not charge performance-based fees.

Item 7: Types of Clients & Account Requirements

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

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

- Our firm requires a minimum account balance of \$1,000,000 for our Comprehensive Portfolio Management service. Generally, this minimum account balance requirement is negotiable, but would be required throughout the course of the client's relationship with our firm.

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

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements.
- **Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular market or security against other markets or securities in an attempt to predict the price movement of the security.
- **Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company or market.

- **Charting Analysis:** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market or security is moving up or down and to predict when that trend might reverse.

All of the aforementioned methods of analysis present potential risks, and the investments selected may not perform as expected. Be aware that investing in the financial markets and securities involves a certain amount of risk. Although efforts are taken to minimize such risk, there are no guarantees that the selected investments will meet their expected returns, or that these investments will not lose money.

Other factors that play a role in security selection include diversification, overall cost associated with the investment, correlation to other investments owned, and tax efficiency.

Investment Strategies We Use

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **Alternative Investments:** Hedge funds, private equity funds, commodity pools, private Real Estate Investment Trusts ("REITs"), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.
- **Long-Term Purchases:** (Securities Held at Least a Year): When utilizing this strategy, we may purchase securities with the expectation of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically, we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.
- **Short-Term Purchases:** When utilizing this strategy, we may purchase securities with the expectation of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. The risk in this strategy is that the funds invested may decline sharply in value before we make a decision to sell.
- **Trading:** While not our standard practice, we may purchase securities with the expectation of selling them very quickly (within 30 days or less). We would do this in an attempt to take advantage of our predictions of brief price swings. The risk associated with this strategy is that a

high volume of trading activity may lead to increased transaction fees, returns are not guaranteed on any transaction and that the market can be volatile.

- **Short Sales:** We may borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. The risks associated with this strategy include an unlimited downside as the gain is limited by the fact that the stock can't fall below zero, and the loss is unlimited because a stock's price can keep rising.
- **Margin Transactions:** We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. The risk in utilizing borrowed money is that clients may be subject to a margin call, where the addition of cash will be required to liquidate the position.
- **Option Writing:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of the stock will fall before the option expires. We may use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors. Inherent risks associated with this strategy include time sensitivity and that options are less tangible than other investments. An options contract is for a short period - generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur before the option expires. Options are book entry only investments and do not come with paper certificates of ownership.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. While the financial markets and value of the securities your portfolio is invested in may increase and your account(s)

could enjoy a gain, it is also possible that the financial markets and the value of the securities your portfolio is invested in may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the financial markets, that the risks are appropriately diversified in your investments, and that you ask us any questions you may have.

Description of Material, Significant or Unusual Risks

Our firm generally invest clients' cash balances in FDIC insured bank deposit programs or money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Some cash will be maintained so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management as applicable. Ultimately, our firm tries to achieve the highest return on our clients' cash balances through relatively low-risk conservative investments.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities & Affiliations

Our firm is not registered, nor does it have an application pending to register, as a broker-dealer, registered representative of a broker dealer, investment company or pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or a sponsor or syndicator of limited partnership, or an associated person of the foregoing entities.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transactions and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. Moreover, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Item 12: Brokerage Practices

Custodian & Brokers Used

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

How Brokers/Custodians Are Selected

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services

- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see *"Products & Services Available from Schwab"*)

Custody & Brokerage Costs

Schwab generally does not charge a separate fee for custody services but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

Products & Services Available from Schwab

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients, with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

Services that Benefit Clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab's services described in this paragraph generally benefit clients and their accounts.

Services that May Not Directly Benefit Clients

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client 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 payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Our Firm

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

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

Our Interest in Schwab's Services.

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

Item 13: Review of Accounts or Financial Plans

Eric Gerster reviews accounts on approximately a quarterly basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to confirm clients' accounts are in line with their investment objectives, and appropriately positioned based on market conditions and investment policies. Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Our firm may provide written reports to clients. However, verbal reports to clients take place on at least an annual basis when our Comprehensive Portfolio Management clients are contacted.

Our firm does not provide ongoing services to financial consulting clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial consulting clients do not receive written or verbal updated reports following the conclusion of their consultation unless they separately engage our firm for a post-financial consultation meeting or update.

Employer-Sponsored ERISA Plan Consulting clients receive reviews of their plans for the duration of the consulting service. We are able to meet upon the clients' request to discuss updates to their plans, changes in their circumstances, etc. Employer-Sponsored ERISA Plan Consulting clients do not receive written reports regarding their plans unless they choose to contact us.

Item 14: Client Referrals & Other Compensation

Charles Schwab & Co. Inc.

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

Travel Reimbursement

In an effort to stay up to date on the various financial products we cover, representatives of our firm will occasionally accept travel expense reimbursement provided by the sponsor of a given product to attend their events. These events are educational in nature, and reimbursement is not directly dependent upon the recommendation of any specific products. While a conflict of interest may exist to recommend products which provide more travel reimbursements than those that don't, our representatives shall always adhere to their fiduciary duties in recommending appropriate investments.

Referral Fees

Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

Item 15: Custody

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under “Third Party Money Movement.” All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

Third Party Money Movement:

On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of authorization (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16: Investment Discretion

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

Item 17: Voting Client Securities

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

Item 18: Financial Information

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.