

Item 1 – Cover Page

**Sila Financial, LLC**  
**Form ADV Part 2A Firm Brochure**

**12711 238<sup>th</sup> Street SE**  
**Snohomish, WA 98296**  
**(425) 605-9533**  
**December 31, 2020**

This brochure provides information about the qualifications and business practices of Sila Financial, LLC (“Sila Financial”). If you have any questions about the contents of this brochure, please contact us at 425-605-9533. 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.

Sila Financial, LLC is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Sila Financial is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Sila Financial is 298406.

## Item 2 – Material Changes

We are required to provide material changes we have made to our firm brochure from our last annual update. As a new adviser this is our first annual update; however, this section reflects material changes made to our firm brochure since our initial registration in October 2020.

- The firm's principal, Mr. Schliiter, is no longer registered with KMS Financial Services. He is now a registered representative with Purshe Kaplan Sterling Investments. This is detailed in Item 10 of this brochure. His only registration as an investment advisor representative is with Sila Financial.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent firm brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included with our firm brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number Sila Financial is set forth on the cover page of this firm brochure. Clients will further be provided with disclosure about material changes effecting our firm or a new brochure as may become necessary or appropriate at any time in the future, without charge.

You may request a copy of our firm brochure by contacting us at the telephone number reflected on the cover page. A copy will be provided to you free of charge.

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## Item 4 – Advisory Business

Sila Financial, LLC (“Sila Financial”) is a limited liability company formed under the laws of the State of Washington. Todd W. Schliiter is the sole owner and President. Our registration as an investment was effective in October 2020.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the below description of our services for information on how we tailor our investment advice to the needs of our clients. As used throughout this firm brochure, the words “Sila Financial,” “we,” “our,” “firm,” and “us” refer to Sila Financial, LLC, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

Prior to forming an investment advisor-client relationship with you, we offer a complimentary general consultation to discuss the nature of our services and to determine the possibility of a potential advisory relationship. Investment advisory services begin only after the prospective client and Sila Financial formalize their relationship by the execution of a written advisory agreement.

### Our Services

*Wealth Management Services:* Sila Financial is a fee-based investment advisory firm. The scope of services delivered to each client will vary based on the client’s unique investment profile, financial circumstances, and advisory needs and may include some or all of the following: goal planning, risk tolerance consulting, retirement plan consulting, insurance consulting, portfolio management, investment selection/asset allocation advice, and other services.

When we provide portfolio management services, clients deposit their assets at an independent qualified custodian (the “Custodian”), typically a licensed broker-dealer, banking or savings institution and will typically be required to grant us limited authority to buy and sell securities within their account on a discretionary basis. The full scope of our authority with respect to management of the client’s account will be set forth in a written advisory agreement. We act as your fiduciary, responsible for the management of your investment account(s) at the Custodian, where assets are held in your name. You authorize our firm and our investment advisor representatives to implement our investment recommendations directly within your account held at the Custodian *without* obtaining your specific consent prior to each transaction.

Investment portfolios are custom-built for each client, and may incorporate specific requests from a client, such as (1) exclusion or inclusion of specific securities, asset classes, or industry sectors, (2) an environmental/social/governance (“ESG”) based portfolio design, or (3) other requirements or limitations as specified by the client. Sila Financial does not employ the use of model portfolios. Client portfolios are typically constructed utilizing a diversified combination of some or all of the following investment instruments: mutual funds, exchange traded funds (“ETFs”), real estate investment trusts (“REITs”), individual stocks and bonds, U.S. government and municipal securities, cash, and cash equivalents.

Once a client’s objectives and needs have been defined based on the scope of the engagement and through our consultation with the client, an initial portfolio design is prepared that typically incorporates a broad asset allocation objective followed by individual security selection to comprise each asset class.

Selection and placement of specific investments within the portfolio can involve many additional factors, such as (1) tax-location (*i.e.*, the tax implications for a particular investment based on the nature of the account in which it will reside), (2) the client's own tax planning needs, as shared with our firm, (3) peer comparisons, (4) cost, (5) reputation of asset/portfolio managers, and/or other factors.

After a portfolio is deployed, it is monitored and managed on an ongoing basis. Subsequent changes to asset allocation and constituent holdings may be driven by (1) changes in capital markets, (2) changes in properties or performance of individual investments, (3) changes in the client's investment objectives and needs, or (4) other material changes in the client's financial circumstances (*e.g.*, significant life events, large purchases or sales of property, significant additions or withdrawals from accounts). While we attempt to design and manage client portfolios to deliver optimal results, there is no guarantee that a portfolio will meet its objectives, despite our reasonable efforts to do so.

At no additional cost to clients and in addition to our portfolio management services, we provide clients with general advice regarding common financial issues that may impact their overall wealth management goals and concerns. While we do not provide legal or tax advice, we will attempt to coordinate our advisory services with those of your existing third party tax, legal, accounting and/or insurance advisors.

*Pension Consulting Services:* Sila Financial also offers investment advisory services to businesses with respect to retirement plan offerings such as self-directed 401(k)s and SIMPLE IRA plans. Our pension consulting services to these clients are selected based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review, formulation of the plan investment policy statement, asset allocation advice, vendor/fund selection advice, non-discretionary portfolio management services, investment performance monitoring/benchmarking services, on-going consulting, communication and participant education services/seminars. We may also assist the plan sponsor in providing participant enrollment meetings.

Certain plans/clients that we may provide these services to are regulated under the Employee Retirement Income Securities Act of 1974 ("ERISA"). We will provide pension consulting services to the plan sponsor and/or fiduciaries as described above for the fees set forth in Item 5 of this brochure. The consulting services we provide are advisory in nature. In providing services to any plan and its underlying participants, our status is that of an investment advisor registered under the Investment Advisers Act of 1940. We are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting as a fiduciary of the plan as defined in Section 3(21) under ERISA, only. In all cases, our status as a fiduciary under ERISA is clearly disclosed in a written advisory agreement. If there is any discrepancy between the disclosures in this paragraph and the agreement, the agreement shall govern.

Client account reviews typically occur on a semi-annual or annual basis, depending on the client's investment objectives and needs. Less frequent or more frequent reviews may occur as needed.

The types of investments we typically recommend to clients are described above in the description of our advisory services. In addition to the asset types listed, we may also advise clients on any assets held in their portfolio at the time of our engagement and other investments at the client's specific request. A description of the investment strategies we typically implement in client accounts can be found in Item 8 of this firm brochure.

As of December 31, 2020, Sila Financial manages \$62,354,157 in client assets, all on a discretionary basis.

Sila Financial, LLC does not operate or offer wrap fee accounts.

## Item 5 – Fees and Compensation

### Fees for Advisory Services

Fees for our services are negotiable and may vary from client to client based on the scope of the engagement and the specific services to be provided, among other factors. Below is our typical fee schedule and the maximum fees we charge for ongoing portfolio management:

Level of Assets Under Management	Annualized Fee
First \$500,000 AUM	1.00%
Next \$500,000 AUM	0.75%
Next \$1,000,000 AUM	0.25%
Thereafter	0.10%

The specific advisory fees you pay to us will be described in your written advisory agreement with us. Advisory fees are quoted on an annualized basis, but are calculated and payable quarterly, in advance, based on the market value of the client's account as determined by your Custodian as of the last business day of the prior billing period. The advisory fee for the initial billing period is prorated from the market value of your account on the date it is funded through the end of that calendar quarter. We do not include any non-actively managed cash balances held in your account for purposes of calculating our advisory fees. Multiple related accounts within a household are aggregated for purposes of determining the applicable annual fee.

### Direct Fee Deduction and Reporting

Unless otherwise agreed, all fees charged by Sila Financial will be paid directly from your account(s) held at the Custodian upon our periodic submission of a written request for payment to the Custodian. Your written authorization for our direct deduction of fees will be contained in our written advisory agreement and/or the Custodian's account opening documentation. We will first look to cash balances in your account or to liquidate money market shares to pay our advisory fees. In the event that cash balances or money market shares are not available, other investments may be liquidated to pay the fees then due. We will only liquidate other investments in line with our fiduciary duty to you, and will typically notify you of the need to liquidate investments to pay our advisory fees, should the need ever arise.

Clients may make additions or withdrawals from their account at any time, however, the advisory fees applicable to your account may be adjusted in view of such transactions on a pro-rata basis. Clients should note that some or all of the investments in their account may be intended as long-term investments and

withdrawals of cash and premature liquidations of securities positions may impair the achievement of your investment objectives.

The Custodian of your account will send an account statement to you at least quarterly, identifying the amount of funds and each security in your account at the end of the period, and setting forth all transactions in the account during that period, including the amount of any advisory fees paid directly from your account to our firm. You share responsibility for verifying the accuracy of all fee calculations. The Custodian is not responsible for verifying the accuracy of any fee calculations. Therefore, *we encourage you to review the Custodian's account statements carefully and promptly upon receipt*. If you believe there has been any miscalculation of any fees or if you have any other concerns related to your account, you should contact us immediately at the phone number listed on the cover page of this firm brochure.

#### Terminating Our Services

Our Services may be terminated by either party, without penalty within five business days of the execution of our written investment advisory agreement. Thereafter, either party may terminate services by providing ten days' written notice of termination to the non-terminating party. In the event of termination, we shall be compensated by the client's payment of a pro-rated advisory fee based on the number of days services were provided prior to termination. Any pre-paid but unearned fees shall be promptly refunded to the client. All custodial termination and transfer fees, if any, assessed by Custodian will be the responsibility of the client and the client shall be solely responsible for the management of all assets held in the account following termination.

#### Additional Fees and Costs

Clients will incur additional costs through the expense ratios, internal management fees, and other internal costs and charges of participation in pooled investment vehicles such as mutual funds, REITs, and ETFs. Additionally, the Custodian holding client assets will charge fees separately for their trading/clearing services (*e.g.*, trading commissions, mark-ups, mark-downs, spreads, and other transaction-based fees) and account maintenance services (*e.g.*, custodial, wire transfer, and reporting fees). Clients shall also be responsible for payment of any taxes related to their account holdings. See Item 12 for a discussion of our brokerage practices.

#### Compensation for Sale of Insurance and/or Securities Products and Services

Certain associated persons of Sila Financial are independently licensed to sell insurance in one or more states, and may act in their individual capacity as direct agent representatives of a specific insurance company or companies. Insurance related business may be transacted with advisory clients and licensed individuals may receive commissions and fees as a result of the sale of insurance products or services to clients. The fees paid to Sila Financial or its associated persons for investment advisory services are separate and distinct from any commissions and fees earned by our associated persons for selling insurance products or services to clients. The receipt of insurance related commissions or fees by any individual associated with our firm presents a conflict of interest. As fiduciaries, we must act primarily for the benefit of our investment advisory clients. We will only transact insurance related business with clients when fully disclosed, suitable, and appropriate.

While Sila Financial itself is a fee-based investment advisor firm, it is possible for clients to have both fee-based advisory accounts through Sila Financial and commission-based accounts through Mr. Schliiter's registered representative relationship with PKS, an SEC registered broker-dealer firm (please see Item 10 – Other Financial Industry Activities and Affiliations), through which he may receive fees and commissions for the sales of certain securities products to clients. However, in no instance will a client pay commissions or 12b-1 fees (distribution trails) in addition to advisory fees in any single account. Mr. Schliiter's registration with PKS inherently represents a conflict of interest, in that Mr. Schliiter could recommend a fee-based (advisory) account over a commission-based (brokerage) account, or vice-versa, based on the potential level of compensation to be received.

To address the foregoing conflicts of interest, all compensation received by Sila Financial or Mr. Schliiter (through his broker-dealer relationship or insurance company relationships) derived from a client will be disclosed in advance to the client so that the client can make a determination with respect to fairness in the context of their own circumstance. This disclosure will occur whenever non-advisory based product recommendations are made to the client, and will be delivered in a written form. Any commission-based account or product does not count towards advisory fee breakpoint levels reflected in this firm brochure.

Clients are under no obligation to use any individual associated with our firm for the purchase of any securities or insurance products or services. We encourage you to ask us about the conflicts of interest presented by the insurance and securities licensing of our associated persons.

Individual Retirement Account Rollover Disclosure. As part of our advisory services to you, we may recommend that you withdraw or "roll over" assets from an employer's retirement plan to an individual retirement account ("IRA") that we may advise on and which may therefore result in additional advisory fees payable to us. This type of recommendation represents a conflict of interest for our firm. If we make this type of recommendation you are under no obligation to follow such advice. Alternatively, you may have the options of (1) maintaining your retirement plan as is, (2) rolling over your account to the employer's new retirement plan, (3) taking a taxable distribution, or (4) rolling over your account to a new IRA. It is important to understand the advantages and disadvantages of each approach, which will depend on individual financial circumstances. Prior to proceeding with any such action, we encourage you to contact us and your independent legal and/or tax professionals for more information.

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

Sila Financial does not participate in any performance-based fee structure or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. Our fees are based on assets held under management as described in Item 5.

## Item 7 – Types of Clients

Sila Financial provides services to individuals, businesses, qualified retirement plans, trusts, estates, and non-profit organizations. Fee-based advisory accounts make sense for some people or situations, but not all. Each client's situation will be evaluated to determine if an advisory account is suitable based on such



things as (1) amount of assets to be managed, (2) tax situation (3) level of dedication and quality of engagement by the client, (4) amount of monitoring and management required (5) active management vs. buy-and-hold mentality, (6) household/family affiliations, and potentially other factors.

We generally require a minimum account size of \$100,000 to open an advisory relationship with our firm. We may waive this requirement in our sole discretion on an individual client basis. We do not require any minimum fee to open or maintain an advisory relationship.

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

Sila Financial conducts both qualitative and quantitative analysis with respect to client portfolios and capital markets. Portfolio management is not outsourced to third parties. Overall portfolio strategy focuses on principles of asset allocation theories, where a mix of asset classes are deployed in a manner to diversify potential streams of capital appreciation and/or yield. A variety of tools and methods are used, depending on client needs. There is no guarantee of performance results to be derived from such analysis. Investment portfolios can lose money irrespective of the level and quality of analysis performed. Any results from analysis are then compared to an individual client's investment time horizon, cash flow needs, and tolerance for volatility. Additional refinements of portfolio asset allocation are made based on the macro state of capital markets. Capital market analysis includes monitoring changing price levels, monitoring monetary and fiscal developments, monitoring a variety of economic indicators, monitoring key market ratios, monitoring sectors, and a variety of other metrics.

Portfolios are rebalanced on an active basis and may fluctuate from initial targets based on analysis or a change in the client's situation.

Selection of individual securities can depend on many factors as well. Pooled investment vehicles such as mutual funds and ETFs are evaluated on a peer-level basis from a cost/benefit standpoint. A default approach is to employ low-cost index-based funds to fill the various asset classes of the portfolio allocation. In cases where no default index option exists, or where managerial skill shows promise, a more actively managed fund may be used. In this case, we look to employ low-cost institutional shares if available.

Sila Financial does not engage in technical security analysis.

We typically use the following investment strategies in managing client accounts:

**Long-term Purchases:** We primarily take a long term, passive, "buy and hold" approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

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 recommendation to sell.

**Short-term purchases:** When utilizing this strategy, we may suggest the purchase of securities with the idea 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 recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

All investments have the risk of loss of principal – the risk that the value of the securities, when sold or otherwise disposed of, may be less than the price paid for the securities. **Investing in securities involves risk of loss that clients should be prepared to bear.** Risk may present itself in many forms:

**Asset Allocation/Strategy/Diversification Risk:** The risk that the mix of asset classes and constituent investments don't perform as expected.

**Interest Rate Risk:** Fluctuation in interest rates may cause investment prices to fluctuate. This can affect both the income stream received from investments as well as their market value.

**Reinvestment Risk:** This risk is closely related to interest rate risk, particularly with respect to bonds. When presented with the need to reinvest proceeds from the liquidation or maturity of a security, there could potentially be a lower rate of return and/or yield available in the marketplace.

**Market Risk:** The price of any security may drop in reaction to tangible and intangible events and conditions. This type of risk exists outside of an individual security's intrinsic value. For example, an environment of fear in a marketplace can drive all investments in that marketplace down. Some thinly traded markets may create liquidity risk.

**Liquidity Risk:** This is the risk of not having access to buyers for a security, or a means to convert an asset into cash or other assets. Liquidity risk typically presents itself during a time of market crisis. However, thinly traded markets can also present liquidity risk during normal market conditions.

**Inflation Risk:** Inflation is an erosion of the purchasing power of money over time. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original monetary investment. Investments that are considered safe and conservative may fail to keep up with inflation.

**Currency Risk:** Non-domestic investments are subject to fluctuations in the value of the dollar versus other currencies. If the value of the dollar shrinks relative to a foreign currency, then that dollar will have less purchasing power in the foreign market.

**Business Risk:** These risks are associated with a particular industry or specific companies within an industry. The business conditions for the industry and/or company may deteriorate, or a company may engage in fraud.

**Concentrated Investment Risk:** Having a large allocation to any specific security, sector, company, or asset class increases the potential to experience greater volatility and other risks. Since the value of any given security can drop to zero, diversification is a key strategy to manage this risk.

**Leverage Risk:** The use of leverage within investment products, or use of margin or securities-based lending can pose a risk due the fact that adverse price movements can trigger unpleasant events such as margin calls, or collateral calls, or simply compound the drop in value of the security.

**This list of potential risks is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.**

**While we will make reasonable efforts to update your suitability information and investment profile at least annually, we strongly encourage you to give us complete information and to promptly notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly to discuss any such changes.**

## Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sila Financial or the integrity of Sila Financial management. Sila Financial has no information applicable to this item.

## Item 10 – Other Financial Industry Activities and Affiliations

The President and principal advisor of Sila Financial, Todd Schliiter, has the following additional business activities and affiliations:

Mr. Schliiter is registered in his individual capacity as a registered representative with Purshe Kaplan Sterling Investments, Inc. (“PKS”), an unaffiliated registered broker-dealer. It is Mr. Schliiter’s intention to maintain his registered representative status with PKS in order to serve existing brokerage clients under that relationship, or new clients whose best interest is to engage Mr. Schliiter’s services as a broker to their commission-based account(s).

Mr. Schliiter maintains life insurance licenses with the states of Washington and Arizona.

We describe the conflicts presented by Mr. Schliiter’s roles as a registered representative and insurance agent and how we mitigate those conflicts in Item 5 of this Brochure.

Other associated persons of our firm may also maintain securities and/or insurance licenses. We encourage you to review the ADV Part 2B brochure supplement of our associated persons and how this may impact the services we provide to you.

Except as described in this Item 10, our firm and our related persons are not registered, nor do they have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

Except as described in Item 5 and Item 12, we do not have any other relationships, activities, affiliations or arrangements that create a material conflict of interest with our clients.

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

Sila Financial, LLC maintains an investment advisory Code of Ethics based on our fundamental duty to place the interest of clients first at all times.

In summary, the Code of Ethics compels Sila Financial to:

- (1) Follow ethical standards of conduct, which includes providing financial advice that is consistent with your stated objectives, needs and circumstances.
- (2) Safeguard your confidential information.
- (3) Not to engage in fraudulent, deceptive or manipulative conduct.
- (4) To comply with certain trading policies on personal securities transactions, which prohibit the firm or management from trading a security before a client or against that client's interest.
- (5) To not conduct any principal or agency cross securities transactions in client accounts.

Sila Financial will provide a complete copy of its Code of Ethics to any client or prospective client upon request, free of charge.

The fact that Mr. Schliiter may own the same security as one or more clients constitutes a conflict of interest. To ensure clients are not disadvantaged when trading securities, Mr. Schliiter will not trade for his own account on the same day trades are placed for a client in the same securities.

## Item 12 – Brokerage Practices

Client assets are not held by Sila Financial. Rather, they are held with a third-party custodian, a broker-dealer whose function is to custody assets, clear trades, process other transactions, and report all account activity to clients via periodic statements. Sila Financial reviews custodians by many factors, such as costs to clients for brokerage and other services, quality and capability in trade execution, the products and services offered by their platform, their use of technology and how it adds efficiency and delivers information, and customer service, among others.

When considering the benefits to clients holistically, Sila Financial has chosen to engage the brokerage services of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, Member SIPC and to recommend such firm to its advisory clients. Sila Financial believes this custodian is the best option for custody of client assets among other potential custodians such as Pershing LLC, TD Ameritrade, Inc., Fidelity Clearing & Custody Solutions, and Interactive Brokers, Inc.

Sila Financial is independently owned and operated and is not affiliated with Schwab.

Clients should consider that although Sila Financial engages in analysis to offer a high-quality third-party trading platform to clients, it has chosen to not offer an unlimited number of platforms. This decision stems from our desire that our clients have a continuity and consistency of experience in their advisory relationship with our firm, and to lower the level of complexity they face. However, it is ultimately the client's choice whether or not to open an account with Schwab and does so by entering into a separate account agreement directly with them. Conflicts of interest associated with the arrangement are

described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

You have the right to not use Schwab, although that will also involve not using the services of Sila Financial. Not all advisors require that their client engage the services of a particular broker-dealer. Because Schwab may not charge the lowest available commission rates for particular transactions, this arrangement may cost client more money than other arrangements offered by other investment advisors.

We do not open the account for you, although we may assist you in doing so.

For client accounts maintained at Schwab, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. Schwab's commission rates applicable to our client accounts were negotiated with Schwab based on the condition that our clients collectively maintain at least \$55,000,000.00 of their assets in accounts at Schwab. This is a conflict of interest because it incentivizes Sila Financial to recommend the use of Schwab when it may be in the individual client's best interest to execute trades elsewhere. However, this commitment also benefits you with respect to working with our firm because the overall commission rates you pay through Sila Financial are lower than they would otherwise be if Sila Financial were to have less assets under management. Schwab also charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought for the funds from the securities sold are deposited in to your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, we seek to have Schwab execute most of the trades in your account when possible.

Some of the services provided by Schwab may not benefit clients directly, but rather benefit Sila Financial in the course of doing business and delivering services to clients. Some of these services include, but are not limited to, software and technology that provides access to client accounts and the ability to conduct transactions electronically, research and market data, billing and fee processing, recordkeeping, client reporting, and assistance with back-office functions. Many of these products and services may be used to service all or a substantial number of Sila Financial clients. A conflict of interest exists since these soft-dollar benefits may not result in you receiving the most favorable trade execution with respect to absolute price level in each case. The fact that we receive these benefits from Schwab is an incentive for us to request the use of Schwab rather than making such a determination based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. However, Sila Financial as an investment advisor remains charged with seeking best execution for client transactions. Based on this principle, Sila Financial periodically reviews the totality of custodial service platforms. The review includes but is not limited to, the technology trading platform, ancillary services, trade error resolution, service response time, reporting, commission and cost structures.

When considering "best execution" in totality, we are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

All custodians assess charges for their services, such as brokerage commissions, confirmation delivery, fund exchanges, redemptions, and account maintenance. The costs can vary depending on a number of factors including but not limited to, type of security, transaction size, and trade entry method. Sila Financial can provide a custodial fee schedule for Schwab to clients or prospective clients upon request.

Due to our policy of customizing client portfolios, we do not aggregate purchases and sales and other transactions amongst client accounts. Our practice of not combining multiple clients' buy and sell orders (*i.e.*, block trading) may result in our firm being unable to achieve for its clients the most favorable execution at the best price available, and accordingly, may cost clients more money than other arrangements.

### Item 13 – Review of Accounts

Sila Financial monitors client accounts on an ongoing basis and formally reviews them based on a predetermined schedule specified in the written advisory agreement entered with the client. By default, we typically review client accounts on a semi-annual basis, but such reviews may be more (quarterly) or less (annually) frequent, based on the investment objectives and needs of the client. More frequent reviews may also be initiated by the client at any time by request, or as a result of certain events, such as a change in the client's investment objectives and needs, employment or tax circumstances, changes in the market or economy more generally, large additions or withdrawals from the client's account, or changes or developments related to a particular investment or investments. Account reviews focus on performance evaluation, asset allocation, and client cash flow needs in light of up-to-date client investment objectives and circumstances.

Clients are also provided with monthly or quarterly statements from Schwab (in paper or electronic format), depending on the activity in the account. Statements include detailed information related to holdings, transactions, balances and fees. Sila Financial encourages clients to read all statements and reports in detail promptly upon receipt.

### Item 14 – Client Referrals and Other Compensation

**Client Referrals:** Any referrals received from clients are from their own volition and origination. Sila Financial does not actively seek out referrals. Sila Financial does not pay any solicitor's fees or other remuneration for referrals to any source.

**Other Compensation:** As discussed in Item 5, certain associated persons of Sila Financial may receive compensation through their status as dually registered broker-dealer representatives of PKS and/or through the placement of insurance products. If a client decides to purchase a security or insurance product through any of these associated persons outside of the client's advisory relationship with Sila Financial, this relationship constitutes a conflict of interest. When this occurs, such compensation will be disclosed to the client for their evaluation. Clients are under no obligation to purchase securities or insurance products from any of our associated persons. Sila Financial also receives an economic benefit from Schwab in the form of support products and services it makes available to us. These products and services and their benefits are described in Item 12 of this firm brochure. The availability of such products and services does not depend on us giving particular investment advice, such as buying particular

securities for clients. Schwab has agreed to pay for certain products and services for which we would otherwise have to pay once the value of our client's assets in accounts at Schwab reach a certain size. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

### Item 15 - Custody

Sila Financial is not a broker-dealer and does not provide clearing or custody services for client accounts. This is the role of Schwab. Sila Financial does not hold cash or securities for clients. Schwab maintains custody of our clients' assets.

However, Sila Financial is deemed to have custody in certain instances. The first instance is automatic fee deduction where we have written authority from you to deduct quarterly management fees directly from your account. The second instance is when a client provides us with a signed standing letter of authorization (SLOA) to move money from their accounts to a designated third party without obtaining the client's signed authorization each time. If we have clients with such authorization on file, 100% of the numbers provided in our ADV Part 1, Item 9 are related to this custody for SLOAs.

You should receive a statement from Schwab at least quarterly that shows all transactions and cash flows with your account(s), including the debit of our advisory fee. Sila Financial urges you to carefully review all custodial statements for accuracy and completeness promptly upon receipt and compare them to any reports we may provide to you.

### Item 16 – Investment Discretion

Sila Financial obtains discretionary trading authority from a client at the outset of an advisory relationship in order to have the autonomy of selecting the identity and amount of securities to be bought and sold on behalf of the client, and the timing of such transactions, without needing to obtain client consent prior to the transaction. Such discretion will be exercised in a manner that is consistent with the client's stated investment objectives for the particular account.

When selecting securities and determining amounts, Sila Financial observes the investment policies, limitations and restrictions by the clients for which it advises. Investment guidelines and restrictions must be provided to Sila Financial in writing.

### Item 17 – Voting Client Securities

**Proxy Voting:** Sila Financial does not accept the 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 their portfolios.

**Class Actions, Bankruptcies and Other Legal Proceedings:** Clients should note that Sila Financial will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proof of Claim" in class action settlements.

### Item 18 – Financial Information

As an advisory firm that maintains discretionary authority for client accounts, Sila Financial is required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no such financial circumstances to report.

We do not require or solicit payment of fees in excess of \$1,200 per client six months or more in advance of services being rendered. Therefore, we are not required to include a financial statement.

Sila Financial has not been the subject of a bankruptcy petition at any time.