

## Part 2A of Form ADV: *Firm Brochure*



# TIMBERCHASE

F I N A N C I A L L L C

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This brochure provides information about the qualifications and business practices of Timberchase Financial, LLC ("Timberchase" or "the firm"). If you have any questions about the contents of this brochure, please contact us at: (205) 980-7118 or [bryan@timberchase.net](mailto:bryan@timberchase.net). 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 Timberchase is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**March 24, 2021**

# Material Changes

## **Annual Update**

The Material Changes section of this brochure will be updated when material changes occur since the previous release of the Firm Brochure.

## **Material Changes Since the Last Update**

- There have been no material changes since the Firm's last ADV annual update of March 13, 2020. The Firm obtained SEC registration effective July 13, 2020.

## **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us at: (205) 980-7118 or [bryan@timberchase.net](mailto:bryan@timberchase.net).

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# Advisory Business

## **Firm Description**

Timberchase was founded in 2004 by Bryan Hancock. Bryan Hancock and Sara Allison Hancock are the members of the LLC.

Timberchase is strictly a fee-only firm. The firm is not formally affiliated with entities that sell financial products or securities. No commissions in any form are accepted for work related to existing clients. Clients pay the firm directly for work performed on the client's behalf.

Timberchase provides personalized, financial planning and investment management services to individuals and occasionally to trusts, estates, charitable organizations, and small businesses. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products.

Timberchase does not act as a custodian of client assets. The client always maintains asset control.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the event they become known.

## **Types of Advisory Services**

Timberchase provides both financial planning and investment management services.

Timberchase's financial planning services consist of developing a financial plan to meet a client's financial situation and stated objectives and are provided as a part of the engagement that also includes investment management services. When performing its' investment management services, Timberchase places trades for clients under a limited power of attorney, or other authorized access using discretionary authority granted by the client to Timberchase; meaning clients provide Timberchase with the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold in the client's account(s). Clients may impose restrictions on investing in certain securities or types of securities.

Additionally, as part of Asset Management, the firm will advise individual clients on how to allocate their 401ks in context of their overall investment plan. When advising on these accounts Timberchase is limited to the plan's selections and limitations and typically will not make disbursements or withdrawals from these accounts.

## **Types of Agreements**

### **Advisory Service Agreement**

An Advisory Service Agreement includes both financial planning services as requested by the client and ongoing investment management oversight. In these engagements, major aspects of the client's financial affairs are reviewed. Timberchase may address among other areas for a client; a client's present financial position, tax and cash-flow management, investment allocation, retirement planning, insurance needs analysis, business planning, education planning, estate planning and other areas of financial concern as requested by client. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

Timberchase also provides ongoing investment management oversight to clients' cash and securities held in an account at an independent qualified custodian. Timberchase places trades in these accounts on behalf of clients under a limited power of attorney, or other authorized access using discretionary authority; meaning the firm has the authority to place trades in a client's account without prior consent by the client.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship.

### **Termination of Agreement**

Although the Advisory Service Agreement is an ongoing agreement, the length of service to the client is at the client's discretion. A client, as well as Timberchase, may terminate an agreement at any time by notifying the other party in writing with at least 30 days' notice.

If a client does not receive a Brochure at least 48 hours prior to entering into an advisory agreement, the client has a right to terminate the contract without penalty or fee within five business days after entering into an agreement.

Otherwise, if the client made an advance payment, Timberchase will refund any unearned portion of the advance payment to client upon termination. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

**Assets Under Management:** As of March 8, 2021, Timberchase managed approximately \$139,040,440 in assets on a discretionary basis for 83 clients.

## Fees and Compensation

### Description

Timberchase typically charges fees calculated as a percentage of assets under management and typically includes the planning component of our work into this fee. Timberchase's typical advisory fee is calculated according to the following tiered fee schedule:

Account Size	Maximum Annual Fee
\$0 - \$1,000,000	1.25%
Next \$1,000,001 - \$2,000,000	0.75%
Next \$2,000,001 to \$5,000,000	0.65%
Next \$5,000,001 to \$10,000,000	0.50%
Next \$10,000,001 and over	0.25%

Alternatively, Timberchase offers clients a fixed fee option for its services in lieu of the above fee structure. The fixed fee option is based upon the scope of the services rendered to the client and the complexity of their overall financial situation and ranges between \$3,000 to \$20,000.

Fees are negotiable. Timberchase may have legacy client relationships with fees that differ from the fee schedule above. Timberchase, in its sole discretion, may waive any minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

### Fee Billing

In an advisory services engagement, fees are billed quarterly, in advance, meaning that clients are invoiced when the three-month billing period has begun. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

## **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Timberchase does not receive any compensation from fund companies or brokerage firms.

Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Mutual funds generally charge a management fee for their services as investment managers. These fees are separate and in addition to the fees paid to Timberchase.

## Performance-Based Fees

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities. Timberchase does not use a performance-based fee structure because of the potential conflict of interest.

## Types of Clients

### **Descriptions**

Timberchase generally provides investment advice to individuals, high-net worth individuals, and may on occasion provide advice for pension and profit-sharing plans, trusts, estates, or charitable organizations.

Client relationships vary in scope and length of service.

### **Minimums**

We do not have an asset minimum.

## Methods of Analysis, Investment Strategies and Risk Loss

### **Methods of Analysis**

Timberchase does not perform traditional security analysis. Timberchase analyzes ETFs and mutual funds for cost effectiveness and whether the fund provides a client access to a particular asset class. Timberchase uses publicly available information as well as Morningstar for analysis of the funds and ETFs in clients' accounts. Information is also obtained from mutual fund company literature, financial newspapers and magazines, mutual fund rating services, and research materials prepared by others.

## **Investment Strategies**

The primary investment strategy used on client accounts is strategic passive asset allocation. This is the process of choosing the appropriate asset allocation for clients based on their personal circumstances and managing the portfolio toward that chosen allocation. This means that we use passively managed products and exchange-traded funds as the core investments. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Investments may also include the following: equities (stocks), corporate debt securities, investment company securities (mutual funds shares), and U. S. government securities. Initial public offerings (IPOs) are generally not available through Timberchase.

## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **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:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.



- **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 a potentially lower rate of return (i.e. interest rate). This primarily relates 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 carry a higher risk of profitability than an electric company, which generates 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 are interested in a standardized product. 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 bankruptcy and/or a declining market value.

## Disciplinary Information

### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

### Financial Industry Activities

Timberchase is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

### Affiliations

Timberchase does not have arrangements that are material with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures

commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

### Code of Ethics

The employees of Timberchase have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### Participation of Interest in Client Transactions

Timberchase and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Timberchase *Compliance Manual*.

### Personal Trading

The Chief Compliance Officer of Timberchase is Bryan Hancock. He reviews all employee trades. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## Brokerage Practices

### Selecting Brokerage Firms

The client approves the custodian to be used and the commission rates paid to the custodian. Timberchase does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. Timberchase recommends custodians based on its opinion of the integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Timberchase recommends discount brokerage firms and trust companies (qualified custodians), such as TD Ameritrade, TIAA-CREF, and the Alabama 529 plan.

Timberchase does not receive fees or commissions from any of these arrangements.

### **Best Execution**

Timberchase reviews the execution of trades at each custodian periodically. Trading fees charged by the custodians are also reviewed periodically. Timberchase does not receive any portion of the trading fees. The best execution is based on the overall execution services and not solely on lowest price.

### **Soft Dollars**

Timberchase receives no cash benefit, including commissions, from any third party in connections with clients' accounts. TD AMERITRADE offers services to independent investment advisors and their clients which include custody of securities, trade execution, clearance, and settlement of transactions ("Institutional Program"). All investment advisors that participate in the Institutional Program are eligible to receive certain benefits from TD AMERITRADE ("Program Benefits"). These benefits include various technological tools, education and compliance materials that assist investment advisors in managing and servicing their Clients' accounts. These Program Benefits do not depend on the amount of brokerage transactions an investment advisor directs to TD AMERITRADE. An investment advisor's receipt of Program Benefits could create potential conflicts of interest between the investment advisor and its Clients. For example, the receipt of Program Benefits by an advisor may indirectly influence that advisor's recommendation of TD AMERITRADE for custody and brokerage services. The Program Benefits benefit all clients of Timberchase and no material conflict exists with clients in the receipt of the Program Benefits.

### **Order Aggregation**

Most trades are mutual funds or exchange-traded funds. Block trades are made on occasion. Clients will receive equitable pricing when block trades are made.

## **Review of Accounts**

### **Periodic Reviews**

Periodic reviews are conducted by Bryan Hancock and communicated to the client by the firm to provide reminders of the specific courses of action that need to be taken. More frequent reviews may occur but may not necessarily be communicated to the client unless immediate changes are recommended.

## **Review Triggers**

Other conditions that may trigger a review include changes in the tax laws and new investment information, and changes in a client's own situation.

## **Regular Reports**

Investment clients receive periodic communications from Timberchase on at least a quarterly basis. Clients receive regular statements and confirmations from the custodian of the Clients' investment(s) accounts. Clients should review trade confirmations and custodian's statements within a timely basis and contact Timberchase if any discrepancies exist or additional information is needed.

## Client Referrals and Other Compensation

### **Incoming Referrals**

Timberchase has arrangements in place with one individual whereby Timberchase will compensate this individual for a referral of a person who becomes a client of Timberchase. No referrals have been made up to this time.

### **Referrals Out**

Timberchase does not accept referral fees. Timberchase is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Client. Timberchase does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party.

### **Other Compensation**

Timberchase is not permitted to receive income from any other source except for interest or dividends on the firm's own investments and cash balances.

## Custody

Timberchase does not accept or maintain physical custody of any Client cash or securities. All Clients assets are held at an independent qualified custodian.

Because Timberchase deducts its advisory fees directly from clients' advisory accounts, Timberchase is deemed to have constructive custody; however, Timberchase utilizes safeguards to prevent those accounts from being subject to the additional accounting requirements of an adviser with custody. Clients will receive, at least quarterly, statements from the qualified custodian that holds and maintains client's investment

assets. The Custodian's account statement will provide a list of all assets held in the account, asset values, and all transactions affecting the account assets, including any additions or withdrawals.

Timberchase is also deemed to have constructive custody resulting from the use of Standing Letters of Authorization ("SLOA") for money transfer between a client's account and a third-party account as designated by the client. Timberchase follows the guidance set forth in the SEC No Action Letter of February 21, 2017 and maintains records to avoid the surprise audit requirement in those accounts that would otherwise be required of advisers with custody.

Timberchase has access to certain client online accounts by use of logins and passwords and is therefore deemed to have custody in those accounts. In addition to the obligation of clients' custodians to send account statements to clients, Timberchase is required to undergo a surprise annual examination by an independent, Certified Public Accountant who reports their findings directly to the appropriate regulatory agencies.

## **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the reports provided by Timberchase.

## Investment Discretion

### **Discretionary Authority for Trading**

Timberchase accepts discretionary authority to manage securities accounts on behalf of clients and accordingly will make trades in a client's account without prior consent by the client. Clients sign a limited power of attorney so that the firm may execute the trades in their account on their behalf.

## Voting Client Securities

### **Proxy Votes**

Timberchase does not vote proxies on securities. Clients are expected to vote their own proxies. When assistance on voting proxies is requested, Timberchase will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Further, Timberchase will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or

to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

## Financial Information

### **Financial Condition**

Timberchase does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Timberchase does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.