

Item 1 – Cover Page



Holifield Financial Advisory Services, Inc.

dba Prosper Financial Advisers

9455 Koger Blvd. N, Suite 102

St. Petersburg, FL 33702

727-823-3801

March 16, 2021

This Brochure provides information about the qualifications and business practices of Holifield Financial Advisory Services, Inc. dba Prosper Financial Advisers (“Adviser,” “us,” “we,” “our”). If clients have any questions about the contents of this Brochure, please contact the Adviser at (727) 823-3801 or via email at rhondaholifield@prosperfinancialadvisers.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Holifield Financial Advisory Services, Inc. is also available via the SEC’s website www.adviserinfo.sec.gov. Clients can search this site by using a unique identifying number, known as a CRD number. The CRD number for Holifield Financial Advisory Services, Inc. is 147874. The SEC’s website also provides information about any persons affiliated with Holifield Financial Advisory Services, Inc. who are registered, or are required to be registered, as Investment Adviser Representatives of Holifield Financial Advisory Services, Inc.

Holifield Financial Advisory Services, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide clients with information that they may use to determine whether to hire or retain the Adviser.

Item 2 – Material Changes

Since the Adviser's annual amendment filing on March 23, 2020, the Adviser has made the following material changes to the Form ADV Part 2:

- The Adviser received a Paycheck Protection Plan Loan through the U.S. Small Business Administration ("SBA") in May 2020.
- The Adviser's office address has changed to 9455 Koger Blvd. N, Suite 102, St. Petersburg, FL 33702

This Item will always discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. The Adviser will also reference the date of the last annual update of the Adviser's brochure.

The Adviser will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the Adviser's fiscal year end. The Adviser may provide other ongoing disclosure information about material changes as necessary.

The Adviser will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, the Adviser's brochure may be requested by contacting Rhonda Holifield, President, at 727-823-3801 or email rhondaholifield@prosperfinancialadvisers.com free of charge.

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Item 4 – Advisory Business

Prosper Financial Advisers is a registered investment adviser with the Securities and Exchange Commission (“SEC”). The Adviser was founded in 2008 by Rhonda K. Holifield. Prosper Financial Advisers (the “Adviser”) is the operating name for Holifield Financial Advisory Services Inc., which is wholly owned by Rhonda K. Holifield.

The Adviser provides financial planning, consulting and investment management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities. As part of its financial planning services, the Adviser gathers information regarding clients’ goals, financial concerns and financial status. This may include but is not limited to securing information regarding assets and liabilities, investments, income taxes, insurance policies and estate planning documents. In performing its services, the Adviser shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. The Adviser may make recommendations regarding many aspects of the clients’ financial lives. The Adviser may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if the Adviser recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Adviser under a financial planning/consulting engagement and/or engage the services of any such recommended professional, including the Adviser itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Adviser's recommendations. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Adviser if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Adviser's previous recommendations and/or services. Consulting services may be limited to one or two areas of a client’s financial concerns rather than providing comprehensive advice. The concerns to be addressed are part of the consulting agreement signed before the engagement.

The Adviser primarily recommends and allocates its clients’ investment management assets among mutual funds, exchange traded funds (ETFs) and individual debt securities in accordance with the investment objectives of each client. The Adviser also may advise clients on and recommend other securities, including individual equities, warrants, variable life insurance and annuities, partnership investments and separately managed accounts of independent investment managers.

The services the Adviser provides a particular client are determined through discussion with the client and are specified in the agreement signed before the engagement. These services may vary with the life stage, investment goals, income needs and/or risk tolerance expressed by the client. For example, one client may want assistance with cash flow management and college planning while another may request an investment consulting agreement. Clients may impose restrictions on investing in certain types of securities and or in specific individual securities. Clients are free to accept or reject investment recommendations. The Adviser may only implement its investment management recommendations after the client has arranged for and furnished the Adviser with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Charles Schwab & Co., Inc., (Schwab), any other broker-dealer recommended by the Adviser, broker-dealer directed by the client, trust companies,

banks etc. (collectively referred to herein as the “Financial Institution(s)”).

Discretionary 3(38) Fiduciary Services

When a client engages the Adviser to perform “3(38) Fiduciary Services,” the Adviser acts as an “investment manager” (as defined in Section 3(38) of ERISA) with respect to the performance of discretionary fiduciary investment services. Under this arrangement the Adviser is appointed by the Plan Sponsor and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets.

The Adviser will review the investment options available to the Plan through documents provided by the Plan Sponsor. The Plan Sponsor retains all authority, responsibility and decision-making for investment options not available on the platform (i.e., “non-core” investment options, such as employer stock, plan loans, self-directed brokerage accounts, frozen guaranteed investment contracts, and life insurance).

The Adviser will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup. The Plan Sponsor will not have responsibility to communicate instructions to any third-party, custodian and/or third-party administrator.

The data used to determine the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create forward looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indexes that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio’s securities versus the securities comprising the various indexes and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to determine the investment line-up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.

The Adviser will also monitor the current managed investment line-up including the investment’s performance compared to an applicable benchmark. If the Adviser determines that a fund no longer meets the criteria, they will select alternatives and replace them.

Wrap Fee

The Adviser does not sponsor or participate in a third-party sponsored wrap fee program.

Assets Under Management

As of December 31, 2020, the Adviser had a total of \$104,100,000 in discretionary assets under management and \$26,683,000 in non-discretionary assets under management.

If a client's account is managed on a nondiscretionary basis, the Adviser will not trade in the account without the client’s express permission. If a client's account is managed on a discretionary basis, the Adviser will have the authority to make investment portfolio decisions without the client's prior approval of the specific transactions. However, all discretionary transactions will be made in accordance with the client's objectives and risk tolerance.

Item 5 – Fees and Compensation

Depending upon the engagement, the Adviser offers its services on a fee basis which may include hourly and/or fixed fees as well as fees based upon assets under management. Prior to engaging the Adviser to provide any of the foregoing investment advisory services, the client will be required to enter into one or more written agreements with the Adviser setting forth the terms and conditions under which the Adviser shall render its services (collectively the “*Agreement*”).

The Adviser may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). The Adviser will charge a fixed fee and/or hourly fee for these services. The Adviser's financial planning and consulting fees are negotiable, but generally range from \$500 to \$15,000 on a fixed fee basis and/or from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Adviser for additional investment advisory services, the Adviser may offset all or a portion of the financial planning fees based upon the amount paid for the investment management or consulting services.

In the event the client determines to engage the Adviser to provide nondiscretionary or discretionary investment management services, the Adviser shall do so on a fee basis. If engaged, the Adviser shall charge an annual fee based upon a percentage of the market value of the assets being managed by the Adviser. The annual fee is a percentage of assets of up to 1.00%. It may be less than 1.00%, and is negotiable, depending upon the market value of the assets under management and the type of investment management services to be rendered. The fee for discretionary retirement plan services is also 1.00% of the assets under management annually. As a condition for starting and maintaining a relationship, the Adviser shall generally impose a minimum quarterly fee of \$500.

Prior to engaging the Adviser to provide financial planning and/or consulting services, the client will generally be required to enter into a written agreement with the Adviser setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to the Adviser commencing services. Generally, the Adviser requires one-half of the financial planning/consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed-upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates the Adviser's financial planning and/or consulting services, the balance of the Adviser's unearned fees (if any) shall be refunded to the client. If termination occurs within five business days of entering into an agreement for such services, the client shall be entitled to a full refund.

The investment management fee is charged quarterly in advance and is calculated on a prorated basis for periods of less than one quarter. The initial fee for a new investment management client shall be based on the amount of assets to be managed initially. Subsequent fees shall be based upon the average month-end balance of the client's assets in the preceding three (3) months. The Adviser's Agreement and/or the separate agreement with the Financial Institution(s) may authorize the Adviser through the Financial Institution(s) to debit the client's account for the amount of the Adviser's fee and to directly remit that management fee to the Adviser in accordance with applicable custody rules. The Financial Institution(s) recommended by the Adviser have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed

from the account including the amount of management fees paid directly to the Adviser. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Clients may choose instead to pay by check upon receipt of an invoice.

Clients may incur certain charges imposed by the Financial Institution(s) and other third parties such as fees charged by Independent Managers, custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to the Adviser's fee, and the Adviser shall not receive any portion of these commissions, fees and costs.

The Adviser and its supervised persons do not accept compensation for the sale of securities or other investment products.

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

The Adviser does not charge any performance-based fees (fees based upon a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

The Adviser offers portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, trusts, estates, charitable institutions, foundations, endowments, and other U.S. and international institutions.

Additionally, the Adviser provides investment advisory services to the following types of clients:

- Tax-qualified retirement plans (both defined benefit and defined contribution) that are intended to receive favorable tax-treatment under section 401(a) or 403(b) of the IRC
- Other types of retirement plan as may be introduced to the Programs.

There is no minimum account size. However, the minimum quarterly fee of \$500 may have the effect of making the Adviser's service impractical for some clients, particularly those with portfolios less than \$200,000 under the Adviser's management. The Adviser, in its sole discretion, may waive its minimum annual fee based upon certain criteria including but not limited to anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

Prosper Financial Advisers reviews economic conditions, various fundamental factors and technical trends,

as well as the client's goals and time horizon in formulating investment advice and managing assets. Economic conditions such as market interest rates may be considered in determining allocations among various types of investments. In recommending funds for individual portfolios, the Adviser may consider factors such as expense ratios, dividend yields, price volatility and performance relative to peers. The Adviser may review annual reports, research provided by others, financial newspapers and magazines, credit ratings and company documents in the selection of individual investments. Technical factors such as price trends may be used to determine points for buying or selling a security. The Adviser does not employ short-term trading strategies (selling securities in 30 days or less.)

Investing in securities involves risk of loss that clients should be prepared to bear. These risks take multiple forms, some of which will be discussed here. Stock market risk is the risk that stock market prices overall will decline. Interest rate risk is the risk that bond prices overall will decline because of rising interest rates. Income risk is the risk that a fund's income will decline because of falling interest or dividend rates. Company specific risk is the risk that a particular company or other issuer will not perform as well as its peers and its stock or bonds will decline in value. Investment style risk is the risk that particular sectors or asset classes chosen for investment will not perform as well as others. Index funds have index sampling risk, which is the risk that the performance of the securities selected for the fund will not match the performance of the target index.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Prosper Financial Advisers or the integrity of its management. Prosper Financial Advisers has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The firm does not have an application pending to register as a broker-dealer, and no one associated with the firm is a registered representative of a broker-dealer.

The firm is not registered as and does not have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The Adviser does not have any relationship or arrangement that is material to the advisory business or to the clients including, a relationship or arrangement with:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading adviser
- banking or thrift institution

- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships.

Item 11 – Code of Ethics

The Adviser has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Adviser or any of its associated persons. The *Code of Ethics* also requires that certain of the Adviser’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact the Adviser to request a copy of its Code of Ethics.

The Adviser and persons associated with the Adviser (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with the Adviser’s policies and procedures. However, unless specifically permitted in the Adviser’s Code of Ethics, none of the Adviser’s Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a reportable security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Adviser’s clients.

When the Adviser is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the Adviser is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Item 12 – Brokerage Practices

Factors Used to Select Custodians

In recommending a custodian/broker-dealer, the Adviser looks for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. The Adviser

recommends clients use Charles Schwab & Co., Inc. (Schwab) as the qualified custodian for their accounts when utilizing its asset management services.

Soft Dollars

Schwab may provide the Adviser with certain brokerage and research products and services that qualify as "brokerage or research services" under the rules. These research products and/or services will assist the IAR in its investment decision making process. Such research generally will be used to service all of the IAR's clients, but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where the IAR determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Because soft dollar benefits could be considered to provide a benefit to the Adviser that might cause the client to pay more than the lowest available commission without receiving the most benefit, they are considered a conflict of interest in recommending or directing custodial and third-party managerial services. The Adviser mitigates these conflicts of interest through strong oversight of soft-dollar arrangements by the Chief Compliance Officer in order to ensure the soft dollar benefits serve the best interests of the client.

There may be other benefits from recommending Schwab such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business related services and technology with whom the Adviser may contract directly. The Adviser may receive seminar expense reimbursements from product sponsors which may be based on the sales of products to its clients.

Soft dollar benefits may be proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Economic Benefits

The Custodian and Brokers the Adviser Uses

The Adviser does not maintain custody of the client's assets that the Adviser manages although the Adviser may be deemed to have custody of the client's assets if the client gives the Adviser authority to withdraw assets from the client's account (see Item 15 Custody, below). The client's assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. The Adviser recommends that clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. The Adviser is independently owned and operated and not affiliated with Schwab. Schwab will hold the client's assets in a brokerage account and buy and sell securities when the Adviser instructs them to. While the Adviser recommends that the client use Schwab as custodian/broker, the client will decide

whether to do so and open the account with Schwab by entering into an account agreement directly with them. The Adviser does not open the account for the client. Even though the client's account is maintained at Schwab, the Adviser can still use other brokers to execute trades for the client's account, as described below (see "Custody and brokerage costs").

How The Adviser Selects Brokers/Custodians

The Adviser seeks to recommend a custodian/broker who will hold the client's assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The Adviser considers a wide range of factors, including, among others, these:

- 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 the client's account)
- 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 us 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
- their prior service to the Adviser and other clients
- availability of other products and services that benefit the Adviser, as discussed below (see "Products and Services Available to the Adviser from Schwab")

Custody and Brokerage Costs

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

Products and Services Available to the Adviser from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms. They provide the Adviser and its 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 the Adviser manage or administer the clients’ accounts while others help the Adviser manage and grow its business. Here is a more detailed description of Schwab’s support services:

- Services that Benefit the Client. 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 the Adviser might not otherwise have access or that would require a significantly higher minimum initial investment by its clients. Schwab’s services described in this paragraph generally benefit the client and their account.
- Services that May Not Directly Benefit the Client. Schwab also makes available to the Adviser other products and services that benefit the Adviser but may not directly benefit the client or their account. These products and services assist the Adviser in managing and administering clients’ accounts. They include investment research, both Schwab’s own and that of third parties. The Adviser may use this research to service all or some substantial number of clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:
 - provide access to client account data (such as duplicate trade confirmations and account statements);
 - facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
 - provide pricing and other market data;
 - facilitate payment of the Adviser’s fees from the clients’ accounts; and
 - assist with back-office functions, recordkeeping and client reporting.
- Services that Generally Benefit Only the Adviser. Schwab also offers other services intended to help us manage and further develop its 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, it will arrange for third-party vendors to provide the services to the Adviser. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party’s fees. Schwab may also provide the Adviser with other benefits such as occasional business entertainment of personnel.

The Adviser Interest in Schwab’s Services

The availability of these services from Schwab benefits the Adviser because it does not have to produce or purchase them. The Adviser doesn’t have to pay for Schwab’s services. This is a potential conflict of interest. The Adviser believes, however, that the selection of Schwab as custodian and broker is in the best interests of the clients. It is primarily supported by the scope, quality and price of Schwab’s services (based on the

factors discussed above – see “How the Adviser Selects Brokers/Custodians”) and not Schwab’s services that benefit only the Adviser.

Best Execution

The Adviser has an obligation to seek best execution for the client. In seeking best execution, the determinative factor is not the lowest possible commission 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, reputation and responsiveness. Therefore, the Adviser will seek competitive commission rates, but it may not obtain the lowest possible commission rates for account transactions.

Brokerage for Client Referrals

In selecting and/or recommending broker-dealers, the Adviser does not take into consideration whether or not it will receive client referrals from the broker-dealer or third-party.

Directed Brokerage

Clients are permitted to use the custodian of their choosing. Not all advisory firms permit the client to direct brokerage. If the client elects to select its own broker-dealer or custodian and directs the Adviser to use them, the client may pay higher or lower fees than what is available through its relationships. Generally, the Adviser will not negotiate lower rates below the rates established by the executing broker-dealer or custodian for this type of directed brokerage account, unless it believes that such rate is unfair or unreasonable for the size and type of transaction. In all instances, the Adviser will seek best execution for the client.

Trading

Transactions for each client account generally will be effected independently, unless the Adviser decides to purchase or sell the same securities for several clients at approximately the same time. The Adviser may (but is not obligated to) combine or “batch” such Orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among its clients differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among its clients in proportion to the purchase and sale orders placed for each client account on any given day.

Transactions placed in an asset management account by a third-party manager will be executed through their broker-dealer or custodian. In determining best execution for these transactions, the third-party manager is looking at 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. While they look for competitive commission rates, they may not obtain the lowest possible commission rates for account transactions. The aggregation and allocation practices of mutual funds and third-party managers that the Adviser recommends to the client are disclosed in the respective mutual fund prospectuses and third-party manager disclosure documents which will be provided to the client.

Item 13 – Review of Accounts

For those clients to whom the Adviser provides investment management services, the Adviser monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom the Adviser provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis upon request of the client. Such reviews are conducted by one of the Adviser’s investment adviser representatives.

All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Adviser and to keep the Adviser informed of any changes thereto. The Adviser shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom the Adviser provides investment advisory services will also receive reports from the Adviser that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time. Those clients to whom the Adviser provides financial planning and/or consulting services will receive reports from the Adviser summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by the Adviser.

Item 14 – Client Referrals and Other Compensation

The Adviser does not pay for client referrals, nor does it receive any compensation for referring clients to others.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains clients’ investment assets. Clients should carefully review those statements. Prosper Financial Advisers urges asset management clients to compare those statements to the quarterly statements of portfolio performance they receive from the Adviser.

ERISA 3(38)

If authorized by the Plan Sponsor, the Adviser has the ability to debit fees directly from the Plan Sponsor’s custodian; however, the Adviser does not have authority to possess or take actual custody of clients’ funds or securities. Plan Sponsors should receive at least quarterly statements from the custodian and should carefully review such statements.

Standing Letter of Authorization

Prosper Financial Advisers is deemed to have custody of client funds or securities as a result of maintaining standing letters of authorization (SLOA) for the purpose of distributing funds from a client’s account. For those accounts in which the Adviser has the ability to initiate distributions from a client’s account, via journal,

ACH or wire to a third party, which is an account held in the name or registration of someone other than the client, the Adviser will ensure the following conditions have been met in order for us to be in compliance with SEC and State Custody Rules and ensure the safekeeping of the client's funds:

1. The client must provide 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.
2. The client must authorize the investment adviser, in writing, either on the qualified custodian's form or separately on the Adviser's form, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian will perform 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.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. 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.
6. 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.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Automatic Deduction of Fees

Prosper Financial Advisers is deemed to have custody of client funds as a result of being able to deduct advisory fees from the Client's Account at the Custodian.

Item 16 – Investment Discretion

If clients choose to use the Adviser services, the Adviser may receive discretionary authority from clients at the beginning of the advisory relationship to select the identity and amount of securities to be bought or sold. If clients do not elect to grant the Adviser discretionary authority, the Adviser will not trade in the client's account without their express permission. This information is described in the Advisory Agreement clients sign with the Adviser.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, the Adviser does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The Adviser may provide advice to clients regarding the

clients' voting of proxies.

Item 18 – Financial Information

The Adviser is required to provide the client with certain financial information or disclosures about its financial condition. The Adviser has no financial commitment that would impair its ability to meet any contractual and fiduciary commitments to the client. The Adviser has not been the subject of any bankruptcy proceedings. In no event shall the Adviser charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.

On May 22, 2020, the Adviser received a Paycheck Protection Plan Loan through the U.S. Small Business Administration ("SBA") in conjunction with the relief afforded from the CARES [Act]. The Adviser used the PPP to continue payroll for the adviser's employees and the adviser did not suffer any interruption of service.