



# NAVIGATION GROUP

WEALTH PLANNING AND  
MANAGEMENT SERVICES

## **Investment Adviser Brochure Part 2A**

### **Navigation Group, LLC d/b/a Navigation Group**

3 Lagoon Drive, Suite 110  
Redwood City, CA 94065  
Main Telephone No. (650) 595-1700  
[www.navigationgroup.com](http://www.navigationgroup.com)

This brochure provides information about the qualifications and business practices of Navigation Group. If you have any questions about the contents of this brochure, please contact us at (650) 595-1700.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Navigation Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The use of the term registered investment adviser does not imply a certain level of skill or training.

Financial Planning and Investment Management Services offered through Navigation Group, a registered investment adviser, not affiliated with LPL Financial.

**March 23, 2021**

## **Item 2 – Material Changes**

There have been no material changes to this Brochure since the last annual amendment was submitted on March 12, 2020.

## Item 3 – Table of Contents

Item 1 – Cover Page	
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	7
Item 6 – Performance-Based Fees and Side-By-Side Management .....	9
Item 7 – Types of Clients .....	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 8.A – Frequent Trading of Securities .....	11
Item 8.B – Material Risks of Particular Securities .....	11
Item 9 – Disciplinary Information .....	11
Item 9.A – Criminal or Civil Actions .....	11
Item 9.B – Administrative Proceedings .....	12
Item 9.C – Self-Regulatory Organization (“SRO”) Proceedings .....	12
Item 10 – Other Financial Industry Activities and Affiliations .....	12
Item 10.A – Broker-Dealer Registration .....	12
Item 10.B – Futures Commission Merchant/Commodities .....	12
Item 10.C – Relationships with Related Persons .....	12
Item 10.D – Relationships with Other Advisers .....	13
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 11.A – Code of Ethics .....	13
Item 11.B – Participation or Interest in Client Transactions .....	13
Item 11.C – Personal Trading by Associated Persons .....	14
Item 11.D – Conflicts of Interest with Personal Trading by Associated Persons .....	14
Item 12 – Brokerage Practices .....	14
Item 12.A – Factors in Selecting or Recommending Broker-Dealers .....	14
Item 12.A1 – Research and Other Soft Dollar Benefits .....	14
Item 12.A2 – Brokerage for Client Referrals .....	14
Item 12.A3 – Directed Brokerage .....	15
Item 12.B – Trade Aggregation .....	15
Item 13 – Review of Accounts .....	15
Item 14 – Client Referrals and Other Compensation .....	16
Item 15 – Custody .....	16
Item 16 – Investment Discretion .....	16
Item 17 – Voting Client Securities .....	16
Item 18 – Financial Information .....	16

## **Item 4 – Advisory Business**

Navigation Group (“the Adviser”) has been in business since 1998. Carlo A. Panaccione and Erik S. Davis are the principal owners.

### **Assets Under Management**

As of December 31, 2020, the Adviser manages \$480,810,611 on a discretionary basis.

#### **1. Wealth Planning**

##### **A. Wealth Planning**

When completing a comprehensive wealth plan, all or some of the following areas may be included:

##### Financial Position

The Adviser will work with clients to analyze their current net worth (assets and liabilities) and cash flow (income and expenses) and recommend specific courses of action to facilitate the funding of various financial goals and objectives.

##### Investment Planning and Portfolio Analysis

The Adviser will evaluate a client's investment goals, concerns, risk profile and current portfolio holdings to assess if the strategies and goals are compatible. The Adviser will prepare an asset allocation analysis and create a strategy consistent with a client's risk tolerance and incorporate the parameters and constraints that govern the management of their portfolio. The Adviser will manage the implementation of the strategy.

##### Risk Management

The Adviser will evaluate a client's insurance needs, including life, disability and long-term care and will analyze the adequacy of their current insurance coverage. The Adviser will provide recommendations. The Adviser will provide recommendations designed to help a client's insurance program minimize the financial risk to their assets and protect against insurable losses.

##### Financial Independence

The Adviser will use available data and assumptions to project the savings and investment amounts a client will need to achieve their retirement goals and maintain financial independence. The Adviser will analyze a client's goals with respect to inflation and the assumed rates of return, and also assist with coordinating their savings plan, asset allocation and investment strategy.

### Executive Benefit and Retirement Plan Analysis

The Adviser will analyze savings plans, stock options, restrictive stock agreements, retirement plans, payout alternatives and payout timing choices to develop strategies to potentially minimize tax consequences. The Adviser will harmonize a client's employee benefits, overall asset allocation strategy and financial goals.

### Education Funding

The Adviser will assist clients with determining how much is needed to provide funding for educational expenses.

### Income Tax Planning

The Adviser will work with a client's tax consultants to make recommendations that are designed to help achieve longer term goals while attempting to minimize federal and state tax liabilities.

### Estate Planning

The Adviser will work with a client's estate planning attorney to develop and implement a comprehensive estate plan to distribute assets according to their wishes, in the manner the client deems appropriate.

The plan may address creating wills, revocable living trusts, irrevocable life insurance trusts, family limited partnerships, durable powers of attorney, health care powers of attorney and other estate planning techniques to meet the client's objectives.

This type of planning requires coordination with a client's attorney to properly title assets and designate beneficiaries so that a client may benefit from actions that are allowable under estate tax law to minimize their estate tax liability.

### Family Meetings

In an effort to help a client communicate their overall financial and estate planning wishes to their family a client may choose to have the Adviser help facilitate a "Family Wealth Meeting".

### *Wealth Planning Conflicts of Interest*

When multiple services are offered, there is an incentive for the Adviser offering wealth planning services to recommend products or services for which the Adviser, or a related party, may receive compensation. A conflict of interest is created whenever the Adviser or an associated person of the Adviser recommends products or services to a client for which the Adviser or an associated person receives compensation. However, wealth planning clients are under no obligation to act upon any recommendations of the Adviser or to execute any transactions through the Adviser if they decide to follow the recommendations.

## **Wealth Plan Annual Review**

The Adviser will review and update a client's wealth plan, financial goals, the progress of the wealth plan and revisions to recommendations based upon a client's financial situation. The annual review will provide a client with continued access to a personal web page.

## **2. Consulting Services**

### **Life Insurance Review**

The Adviser will evaluate existing life insurance policy or policies as part of the wealth planning process by performing the following tasks:

1. Obtain illustrations on current policies.
2. Shop the market for more effective and economical products.
3. Generate insurance policy comparisons if appropriate.
4. Work with a client to complete the application and medical underwriting processes and review the new policy or policies.

### **Disability & Long-Term Care Review**

The Adviser will submit a quote request for disability and long-term care insurances as part of the wealth planning process. The Adviser will review the quotes with a client to determine the most appropriate policy terms and riders to protect their assets and meet their disability and long-term care needs. The Adviser will work with a client during the underwriting process to complete the application and fulfill the medical review requirements. The Adviser will deliver the policy and explain the coverage in detail.

### **Estate Plan Annual Review**

The Adviser will review a client's estate plan annually to make sure the plan continues to be consistent with the client's intentions, takes advantage of available exemptions, and avoids the probate process when appropriate.

### **Post-Mortem Services**

The Adviser will assist with post-death services which include, but are not limited to: preparing an asset inventory, determining the date of death asset valuations, determining alternate asset valuation dates, applying for applicable Taxpayer Identification Numbers ("TINs"), and assisting with paperwork to establish and fund a Family Trust account, Marital Trust account and/or Estate account.

### **Family Financial Philosophy Process**

The Adviser will recommend an Advanced Discovery and Development meeting for a client with a net-worth that exceeds \$10 million. The meeting should include all appropriate family members and be held before starting the wealth planning process. A Family Financial Philosophy is created during the meeting. It involves developing a mission statement and outlining a client's vision, values and goals. The objective is to maximize a client's investment in the planning process and help to clearly define what planning services may be appropriate.

### **3. Investment Management Services**

The Adviser provides investment management services to its clients on a discretionary basis.

When the Adviser manages client assets on a discretionary basis, the Adviser executes securities transactions for clients without having to obtain specific client consent prior to each transaction. Discretionary authority is limited to investments within a client's managed accounts.

The Adviser provides investment management services that include, among other things, advice regarding asset allocation and the selection of investments, portfolio design, investment plan implementation and ongoing investment monitoring. The Adviser relies on the stated objectives of the client and considers the client's risk profile and financial status prior to making any recommendations.

### **4. Advisory Referral Services**

The Adviser maintains referral agreements with third-party asset managers (other independent investment advisers). The Adviser gathers information about a client's financial and tax status and investment objectives in order to determine the client's risk profile. Based on this analysis the Adviser assists the client in allocating assets among various third-party asset management programs.

The Adviser receives compensation for introducing clients to these third-party asset managers and for certain ongoing services provided to clients. The Adviser may have an incentive to refer a client to these third-party asset managers. A conflict of interest is created whenever the Adviser or an associated person of the Adviser recommends products or services to a client for which the Adviser or an associated person receives compensation.

All third-party asset managers to whom the Adviser refers a client are licensed as investment advisers by their resident states and any applicable jurisdictions or by the Securities and Exchange Commission.

## **Item 5 – Fees and Compensation**

### **Wealth Planning & Consulting Fees**

Clients are charged an hourly or fixed fee. The hourly rate for a financial planner is \$425 and the hourly rate for a para-planner is \$175. Post-Mortem Services are billed at the rate of \$150 per hour. Hourly fees are generally payable as services are performed but may differ. When the hourly fee is payable will be established in advance and noted in the agreement the client signs.

The following services are billed at the following fixed rates:

Estate Plan Annual Review – \$275

## Family Financial Philosophy Process – \$2,500

Fixed fees for other services are negotiable; generally range from \$2,500 to \$10,000 based on the personnel involved and the range of services that will be provided.

Fixed fees are generally payable in arrears but a deposit may be required. These terms will be negotiated in advance and noted in the agreement the client signs.

Clients may choose to annually review or periodically update their personal wealth plan. Annual review fees are typically 30%-50% of the original fee and are based on the range of services that will be provided. Annual reviews and comprehensive updates will require a new service agreement.

If clients elect to implement recommendations made in a wealth plan their accounts may incur transaction costs, retirement plan administration fees, mutual fund annual expenses and other fees. These fees are in addition to and separate from planning and consulting fees.

The Adviser anticipates that the wealth plan produced will be delivered within six months or sooner of the date of the Agreement. The Adviser considers fees for wealth planning or a consulting project to be earned as progress is realized toward creation of the plan or completion of the service. Under no circumstances will the Adviser earn fees in excess of \$1,200 more than six months in advance of services rendered.

A planning or consulting client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing the Adviser with written notice prior to delivery of the plan or completion of the service.

Upon termination, the Adviser will prorate fees to the date of termination and will refund any unearned portion of the fee to the client.

When fees are payable after services are performed, there are no unearned fees and the client is not due a refund upon early termination of an investment advisory contract. The Adviser's fees are also prorated to the date of termination in these cases.

## **Investment Management Fees**

The Adviser is compensated for investment management services based on the value of the client account. Fees are negotiable and range from 0.40% to 1.90% annually based on the amount of assets under management and range and complexity of the services provided.

Fees are paid quarterly in advance and are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter. Fees are prorated for accounts opened during the quarter. The custodian deducts fees directly from client accounts on behalf of the Adviser unless direct billing is chosen.

The account custodian may charge fees, which are in addition to and separate from advisory fees. Accounts may incur transaction costs, retirement plan administration fees, mutual fund annual expenses and other fees. Clients should note that fees for comparable services vary and lower or higher fees may be charged by different providers for similar services.



Clients will have a period of five (5) business days from the date of signing an advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the advisory agreement with 30 days written notice. Upon termination, fees will be prorated to the date of termination and the unearned portion will be refunded.

### **Advisory Referral Fees**

The compensation the Adviser receives from third-party managers is disclosed in separate disclosure documents. Compensation is typically equal to a percentage of the investment management fee charged by the third-party asset manager or a fixed fee. The disclosure document provided by the Adviser will clearly state the fees payable to the Adviser and whether the payment of the Adviser's fee will increase the total fees the client must pay to the third-party manager.

Since the compensation the Adviser receives may differ depending on the agreement with each third-party manager, the Adviser may have an incentive to recommend one third-party manager over another.

Fees paid by clients to independent third-party managers are established and payable in accordance with the ADV Part 2A brochure or other equivalent disclosure document of each independent third-party manager to whom the Adviser refers its clients and may or may not be negotiable. The facts and circumstances of negotiability are contained in the disclosure documents of each third-party manager.

Clients who are referred to third-party investment managers will receive a Part 2A brochure providing details of services rendered and fees to be charged. Clients will receive copies of the Adviser's and third-party investment managers' Parts 2A at the time of the referral.

In addition, if the Adviser recommends a wrap fee program, the client will also receive a wrap fee brochure provided by the sponsor of the program. The Adviser will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees paid to the Adviser and its advisory associates.

### **Receipt of Additional Compensation**

Investment adviser representatives may receive fees, brokerage or mutual fund trail commissions from the sale of securities and other services, in their capacities as registered principals of LPL Financial, a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the Securities Investor Protection Corporation ("SIPC"), and a registered investment adviser.

The Adviser monitors trading practices and regularly reviews client securities transactions in order to protect clients against this conflict of interest. Clients are advised that they are not required to purchase or sell securities through the investment adviser representatives acting in the capacity of registered representatives of a broker-dealer and may purchase the same securities or products from an unaffiliated broker-dealer.

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

The Adviser does not charge or receive, directly or indirectly, any performance-based fees.

## **Item 7 – Types of Clients**

The Adviser provides advisory services to:

- Individuals – Trusts, estates, 401(k) plans and IRAs of a household count as one individual.
- High net worth individuals – High net worth individuals – Individuals who are “qualified clients” under rule 205-3 of the Advisers Act of 1940 or are “qualified purchasers”.
- Pension and profit-sharing plans (other than plan participants)
- Investment companies including mutual funds
- Business entities including corporations

### **Account Minimums**

The Adviser does not impose a minimum account requirement on clients.

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

The Adviser will prepare an asset allocation analysis and create a strategy consistent with a client’s risk tolerance and incorporate the parameters and constraints that govern the management of their portfolio.

This may include analyzing a client’s goals with respect to inflation and assumed rates of return, educational funding projections, anticipated tax liabilities and estate planning objectives among other things.

The Adviser employs strategic asset allocation to construct portfolios. This involves establishing and maintaining an asset mix. Adjustments are made to the portfolio when a client’s profile changes and generally on an annual basis to reestablish the starting asset mix. The Adviser may sparingly use tactical research to capitalize on market trends and cycles.

The Adviser’s main sources of financial information are financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports and company press releases. The Adviser may utilize official statements, continuing disclosures and other information available through the MSRB’s Electronic Municipal Market Access system (EMMA) when analyzing municipal securities.

### **Funds**

The Adviser recommends passive index and actively managed, mutual and exchange traded funds when designing client portfolios. The Adviser considers index funds based on how closely the funds’ characteristics mirror the index they track.

The Adviser analyzes actively managed funds by comparing funds that target the same market sector such as foreign or domestic, and small, medium or large companies with the same investment style, using prospectuses and other sources of information.

Reviews include but are not limited to:

- Rank in Category over various periods
- Return Rating
- Risk Rating
- YTD Return – Outsize swings in comparisons to peers can be a sign of risky practices such as placing large bets on certain sectors of the market
- 1 Yr Return
- 3 Yr Return
- 5 Yr Return – Typically over a five-year period, the economy experiences a complete cycle. However, how a manager operates in various economic environments reflects the manager's ability to make adjustments or stay the course.
- Loads
- Total Expense Ratio
- Net Assets
- Turnover
- Median Market Capitalization

The Adviser also takes the manager or management team tenure under consideration to determine who was responsible for generating the performance numbers.

### **Risk of Loss**

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear these losses. Any of the above investment strategies may lead to a loss on investments. Even hedging strategies may fail if markets move against the hedged investments. In addition, because investing carries with it opportunity risk, it is impossible to accurately predict the sectors of the market or asset classes that will have more favorable returns for a given period.

### **Item 8.A – Frequent Trading of Securities**

The Adviser is not involved in the frequent trading of securities.

### **Item 8.B – Material Risks of Particular Securities**

The Adviser doesn't recommend a type of security that involves significant or unusual risks.

### **Item 9 – Disciplinary Information**

The Adviser does not have any disciplinary information to disclose.

### **Item 9.A – Criminal or Civil Actions**

Neither the Adviser nor any management person has been found guilty of or has any criminal or civil actions pending in a domestic, foreign or military court.

## **Item 9.B – Administrative Proceedings**

Neither the Adviser nor any management person has any administrative proceedings pending before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

## **Item 9.C – Self-Regulatory Organization (“SRO”) Proceedings**

Neither the Adviser nor any management person have been found by any SRO to have caused an investment-related business to lose its authorization to do business, or to have been involved in a violation of the SRO’s rules, or were barred or suspended from membership or from association with other members, or were expelled from membership, otherwise significantly limited from investment-related activities, or fined.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Item 10.A – Broker-Dealer Registration**

Associated persons of the Adviser are registered securities principals of LPL Financial, a broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

In their capacities as registered principals of a broker-dealer, associated persons of the Adviser may recommend securities or other products and receive normal transactions commissions or other compensation. A conflict of interest is created whenever associated persons of the Adviser recommend products or services to a client for which the associated person receives compensation.

However, clients are under no obligation to act upon any recommendations of the associated persons or affect any transactions through them if they decide to follow their recommendations.

### **Item 10.B – Futures Commission Merchant/Commodities**

Neither the Adviser nor any of its management persons is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities or has an application for registration pending.

### **Item 10.C – Relationships with Related Persons**

Associated persons are also insurance agents appointed with various insurance companies.

In these capacities associated persons of the Adviser may recommend insurance, or other products, and receive commissions and other compensation if products are purchased through any firms with which any associated persons are affiliated. A conflict of interest is created whenever associated persons of the Adviser recommend products or services to a client for which the associated person receives compensation.

However, clients are under no obligation to act upon any recommendations of the associated persons or execute any transactions through the associated persons if they decide to follow the recommendations.

## **Item 10.D – Relationships with Other Advisers**

Associated persons are not investment adviser representatives of another firm.

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

### **Item 11.A – Code of Ethics**

The Adviser has adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code to any client or prospective client upon request.

### **Item 11.B – Participation or Interest in Client Transactions**

#### **Principal Trading**

Neither the Adviser nor any affiliated broker-dealer executes securities transactions as principal with the Adviser's clients.

#### **Personal Trading of Associates Affiliated with a Brokerage Firm**

In their capacity as registered principals of LPL Financial, associates of the Adviser may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest. A conflict of interest is created whenever associated persons of the Adviser recommend products or services to a client for which the associated person receives compensation.

The Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by associated persons.

#### **Agency-Cross Action Transactions**

Neither the Adviser nor any associated person recommends to clients, or buys or sells for client accounts, securities in which adviser or an associated person has a material financial interest. Neither the Adviser nor any associated person acting as a principal, buys securities from (or sells securities to) clients; acts as general partner in a partnership in which Adviser solicits client investments; or acts as an investment adviser to an investment company that Adviser recommends to clients.

## **Additional Conflict of Interest Disclosures**

The Adviser (or associated persons of the Adviser) receive the following additional compensation:

- 12b-1 fees
- Securities Sales Commissions
- Commissions on the sale of insurance or other products

Any of the above situations will result in a conflict of interest by creating an incentive for the adviser or associated persons to recommend a particular investment product or service.

The Adviser informs clients that they are under no obligation to act upon any recommendations or execute any transactions and may elect to do business with other advisers or broker-dealers at any time.

### **Item 11.C – Personal Trading by Associated Persons**

The Adviser recommends that clients invest in open-end mutual funds, ETFs and other securities. The Adviser and its associated persons may invest in the same securities. The Adviser and its associated persons are permitted to invest in all asset classes.

**See Item 11.D for conflicts of interest.**

### **Item 11.D – Conflicts of Interest with Personal Trading by Associated Persons**

Associated persons may own an interest in or buy or sell for their own accounts the same securities, which may be recommended to advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

## **Item 12 – Brokerage Practices**

### **Item 12.A – Factors in Selecting or Recommending Broker-Dealers**

Associated persons in their capacity as registered principals may suggest that clients implement recommendations through LPL Financial. If the client so elects, associated persons would receive normal and customary fees and/or commissions resulting from any securities transactions, presenting associated persons with a conflict of interest.

Furthermore, in implementing a plan through relationships maintained by associated persons, clients may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to implement the plan or its recommendations through the associated persons in their capacities as registered representatives.

#### **Item 12.A1 – Research and Other Soft Dollar Benefits**

The term "soft dollars" refers to funds which are generated by client trades being used to pay for products and services such as to research and enhanced brokerage services that the Adviser receives from or through the broker-dealers whom it engages to perform securities transactions.

### **Item 12.A3 – Directed Brokerage**

The Adviser does not require that clients direct their brokerage business to any particular broker-dealer.

### **Item 12.B – Trade Aggregation**

In placing orders to purchase or sell securities in accounts, the Adviser may elect to aggregate orders. In so doing, the Adviser will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of the Adviser's investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all of the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction.

The Adviser's books and records will separately reflect, for each client account, the orders which are aggregated, the securities held by, and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis.

Cash or securities held collectively for clients will be delivered to the custodian bank or broker-dealer as soon as practicable following the settlement. The Adviser will receive no additional compensation of any kind as a result of the proposed aggregation and individual investment advice and treatment will be accorded to each client.

### **Item 13 – Review of Accounts**

Clients may engage the Adviser to perform Wealth Plan, Estate Plan, Life Insurance, Disability and Long-Term Care reviews. Reviews may be triggered by changes in a client's personal, tax, or financial status. The Adviser may assess plans for consistency with the client's intentions, the availability of more effective and economical product alternatives, and progress towards the stated goals.

Investment adviser representatives of the Adviser in their capacity as investment adviser representatives of LPL Financial perform reviews of all investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things. There is currently no limit on the number of accounts that can be reviewed by Mr. Panaccione or Mr. Davis.

Advisory account statements are generated no less than quarterly. These statements are sent directly to the account owner. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction.

## **Item 14 – Client Referrals and Other Compensation**

The Adviser may refer clients to CPAs for tax preparation and attorneys for estate planning services as needed. These professionals are not related to the Adviser or to associated persons of the Adviser. The Adviser does not receive any type of compensation for making these referrals.

The Adviser does not have an arrangement under which it or its related persons compensate others for client referrals.

The Adviser doesn't receive any economic benefit from a person who is not a client for providing advisory services to clients. This includes sales awards or prizes.

## **Item 15 – Custody**

The Adviser doesn't accept custody of client funds or securities. Client assets are held by qualified custodians.

## **Item 16 – Investment Discretion**

Under some circumstances the Adviser may be granted the discretionary authority to select the type and amount of securities to be bought or sold without obtaining specific client consent. The Adviser will not have discretion over the selection of the broker to be used or the commission rates to be paid.

Associated persons in their capacities as registered representatives may suggest that clients implement recommendations through LPL Financial. If the client chooses to do so, this would present a conflict of interest to the extent that registered representatives could receive commissions as registered representatives.

Clients are under no obligation to implement a wealth plan or its recommendations through registered representatives but if they do so, they may pay commissions or fees that are higher or lower than those that may be obtained elsewhere for similar services.

## **Item 17 – Voting Client Securities**

The Adviser does not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodian. Clients may contact the Adviser with questions about a particular solicitation by telephone at (650) 595-1700.

## **Item 18 – Financial Information**

The Adviser anticipates that the financial planning process will be completed within six months or sooner of the date of the agreement. The Adviser considers fees for financial planning or consulting services to be earned as services are provided. Under no circumstances will the Adviser earn fees in excess of \$1,200 more than six months in advance of services being rendered.

There is no financial condition that is reasonably likely to impair the Adviser's ability to meet its contractual commitments to its clients.