

Item 1 – Cover Page

Paladini Financial Advisors, LLC

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March 25, 2021

Part 2A of Form ADV

Firm Brochure

This brochure provides information about the qualifications and business practices of Paladini Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at [info@paladinifinancial.com](mailto:info@paladinifinancial.com) and/or 817-704-7788. 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.

Paladini Financial Advisors, LLC is a Registered Investment Adviser. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about Paladini Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our Firm IARD/CRD number is 139884.

## **Item 2 – Material Changes**

At least annually, this section will discuss only specific material changes that are made to the brochure of Paladini Financial Advisors, LLC (PFA) and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this brochure will be provided.

Our last annual update occurred on 06/03/2020. Since that date, we have no material changes to report.

Currently, our brochure may be requested by contacting Matthew M. Paladini, President, at 817-704-7788 or [matt@paladinifinancial.com](mailto:matt@paladinifinancial.com).

Additional information about Paladini Financial Advisors, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Paladini Financial Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Paladini Financial Advisors, LLC. You can search this site by a unique identifying number known as a CRD number. The CRD number for PFA is 139884.

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## **Item 4 – Advisory Business**

Paladini Financial Advisors, LLC (PFA) is an investment advisory firm established as a Limited Liability Company in the State of Texas in May 2015. Advisory activities were previously conducted under the predecessor firm, Paladini Financial Management, Inc., which was a registered investment adviser, from April 2006 to June 2015.

PFA is owned by three entities; Paladini Financial Management, Inc., which is solely owned by Matthew M. Paladini; John Line, CPA, Inc., which is solely owned by John E. Line; and Wendy L Kelly CFP LLC, which is solely owned by Wendy L Kelly.

### **Advisory Services**

PFA offers a combination of the following advisory services, where appropriate, to individuals, high-net-worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

### **Asset Allocation/Portfolio Implementation Services**

PFA provides asset allocation and portfolio implementation services to clients involving an initial allocation of client assets into appropriate investment vehicles. Asset allocation model selection is tailored to each client's specific objectives that are determined through questionnaires and personal discussions in which the investment strategy is based on a client's goals, risk tolerance and/or particular circumstances.

After the initial allocation recommendation, PFA will review the accounts either at least annually or on an event-driven basis as a result of a change in economic conditions or in an individual client's life status. PFA will execute transactions in advisory accounts on a non-discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income, etc. Rebalancing or fine-tuning adjustments may be recommended whenever it is deemed necessary to manage the risk of the portfolio.

PFA creates diversified portfolios consisting primarily of Dimensional Fund Advisors Funds (the "DFA Funds"), which include varying percentages of equity and debt funds with degrees of risk and potential return, designed to meet particular investment goals which PFA has determined is suitable to the client's circumstances. DFA Funds were selected on the basis of the following criteria: the fund's performance history, the industry sector in which the fund invests, the track record of the fund's manager, the fund's investment objectives, the fund's management style and philosophy, and the fund's management fee structure. Portfolio weighting between funds, asset classes, and market sectors will be determined based on the client's objectives.

Once the appropriate portfolio allocation has been determined, the portfolio will be implemented and clients will have the opportunity to place reasonable restrictions on the certain types of investments to be held in the portfolio.

PFA will monitor the account and meet with the client periodically to review the client's overall financial situation and to determine if there have been any life-changing events or changes to their investment objectives. On a more frequent basis, we monitor the individual positions recommended for client portfolios, which are DFA Funds, to ensure the fund manager is performing in accordance with the prospectus. If the client's portfolio is well diversified during the initial asset allocation process and there are no material client changes throughout the year, the need to make changes to the underlying portfolio is not necessary. Thus, PFA will continue to monitor the client's portfolio on a periodic basis for the next calendar year. At the same time, should a particular fund fall out of favor due to a triggering event such as the loss of the fund manager, PFA may recommend that position be sold in all client accounts. Again, this activity is based on a triggering event at the underlying product sponsor, not within the individual client account.

As of December 2020, PFA has \$170,493,687 in client assets under management. All client accounts are non-discretionary in nature.

### **Financial Planning Services**

PFA also provides services in the form of a Financial Plan. Clients that engage PFA for this service will receive a written report providing the client with a detailed personal financial plan designed to meet his or her stated financial goals and objectives.

In general, the financial plan will address the following areas, as applicable:

#### *Personal*

Family records, budgeting, personal debt structure, and definition of financial goals and objectives.

#### *Education Planning*

Education IRAs, financial aid, state savings plans, grants and general assistance in preparing to meet dependent's financial educational needs.

#### *Tax & Cash Flow*

Income tax and personal spending analysis for past, current, and future years. PFA may illustrate the impact of various investments on a client's current income tax and future tax liability.

### *Death & Disability*

Cash needs at death, income needs of surviving dependents, estate planning financial analysis and disability income analysis.

### *Retirement*

Analysis of current and recommended strategies and investment allocations to help the client achieve his or her retirement goals.

### *Investments*

Analysis of current investment structure and recommendations for efficient diversified portfolios based on the client's facts and circumstances.

### *Estate*

Analysis of financial issues with respect to living trusts, wills, current estate tax laws, powers of attorney, asset protection concerns, and distribution planning.

### *Insurance*

Review of existing policy coverage to verify appropriate coverage for death, disability, long-term care, personal liability, home, and automobile.

PFA gathers required information through in-depth questionnaires and personal interviews. Information gathered includes a client's current financial status, future goals and attitudes toward risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report of findings is prepared. Should a client choose to implement the recommendations contained in the plan, PFA suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

In addition to the written financial plan, PFA's Financial Planning services also include personalized access to PFA advisors for a 6-month period after the initial financial planning meeting. These additional communications with the advisor are entirely at the client's discretion. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

Subsequent to the initial financial planning consultation and 6-month period, clients may choose to enter into an ongoing financial planning service relationship. PFA advisors will review and update the financial plan annually or more frequently to adjust it for changes in the client's financial situation or investment objectives. To participate in this service, clients must sign a separate agreement and update the Client Questionnaire.

## **Dental Practice Acquisition Consulting Services**

PFA offers dental practice acquisition consulting services. PFA will provide assistance to the client in the financial review of material he/she will supply related to a potential dental practice acquisition. The services will include a review of a practice appraisal report and any ancillary documents that the client will provide once he/she has identified a practice to consider for acquisition.

PFA's evaluation and recommendations will be based on the information that the client provides to PFA; therefore, the completeness and accuracy of the information provided to PFA is essential and is the sole responsibility of the client. The data provided will not be audited or otherwise verified for its accuracy by PFA.

The client must agree to discuss with PFA the Practice's current financial resources and projected needs, and to provide copies of any financial documents that PFA may reasonably request as necessary to evaluate the client's financial circumstances and provide financial consulting. It is the client's responsibility to inform PFA promptly, in writing, of any changes in the information the client provided to PFA or in the client's circumstances that may affect the consulting services provided to the client.

The financial consulting services provided to the client by PFA may encompass a wide variety of issues and topics. However, there may be instances where matters are beyond the scope of PFA's area of expertise. PFA may decline to provide advice about such issues and topics outside its area of expertise. At the client's request, PFA may provide recommendations to the client as to other sources of professional advice to address such matters.

## **Dental Practice Transition Services**

PFA may provide dental practice transition services to its dental clients. This service typically includes a professional valuation of the dental practice under the standards set forth by the National Association of Certified Valuation Analysts (NACVA). Assistance is provided with regard to the overall implementation of a new dental partnership structure including operating entity selection, percentage ownership to be sold, profit/loss sharing protocol, certain partnership agreement provisions, projections of future cash flow and taxable income, working capital analysis, financing considerations, insurance requirements and pension plan design alternatives.

This service is typically provided in a 1-day personal consultation and/or through subsequent teleconferences with the client and the potential partner.

The engagement will conclude at the earlier of (1) 3 months after the effective date of the partnership or (2) 6 months after the personal consultation meeting date.

PFA may also refer dental client practice owners to various Dental Service Organizations (DSOs) who purchase dental practices. In this case, PFA will facilitate the transfer of the dental practice's financial information to the purchasing entity with the consent of the client. If an offer for purchase is received by the client, PFA will review the financial aspects of the deal with the client to consider the adequacy of the deal for their financial well-being.

### **IRA Rollover Considerations**

As part of our consulting and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. We may recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") that we will manage. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our investment advisory representative has an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed by us.

Employers may permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Roll over the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney.

Before rolling over your retirement funds to an IRA for us to manage, carefully consider the following. NOTE: This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.



- b. You should understand the various products and services available through an IRA provider and their potential costs.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, there may be a fee associated with the service that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
  4. Your current plan may offer financial advice, guidance, management, and/or portfolio options at no additional cost.
  5. If you keep your assets titled in a 401k or retirement account, and you are still working, you could potentially delay your required minimum distribution beyond age 70.5 (70 ½).
  6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
  7. You may be able to take out a loan on your 401k, but not from an IRA.
  8. IRA assets can be accessed any time; however, prior to age 59 ½, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses, or a home purchase.
  9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
  10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features and differences and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

## Item 5 – Fees and Compensation

### Advisory Service Fee Schedules

#### Asset Allocation/Portfolio Implementation Services

The annual fee for PFA's Asset Allocation/Portfolio Implementation Services is charged as a percentage of client's assets under our portfolio implementation services, according to the following schedule:

Asset Size	Annual Fee (%)
First \$1,000,000	1.00%
Next \$2,000,000	0.85%
Next \$2,000,000	0.75%
Next \$5,000,000	0.65%
Above \$10,000,000	Negotiable

PFA's asset allocation/portfolio implementation service fees are negotiable. A minimum annual fee of \$5,000 is required for this service; however, this minimum annual fee may be waived in certain circumstances. PFA will ensure that the fee charged does not exceed 3.00% of the client's total assets managed. An advisory fee of 3.00% or higher is considered in excess of industry norm and similar services can be obtained for less. Consequently, this restriction in conjunction with PFA's minimum fee may prevent PFA from accepting and providing investment services to some smaller client accounts (i.e., those valued at \$166,649 or less). PFA may group certain related client accounts for the purposes of achieving the minimum annual fee and determining the annualized fee.

PFA's fees are exclusive of brokerage commissions, transaction fees, mutual fund expenses, and other related third-party costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party managers and other third parties such as fees for investment managers, custodial fees, 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. Mutual funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of, and in addition to, PFA's fee, and PFA shall not receive any portion of these commissions, fees, and costs. Additional information about PFA's brokerage recommendations is included in *Item 12*.

The specific manner in which fees are charged by PFA is established in a client's written agreement with PFA. Fees will be debited from the account in advance at the beginning of each calendar quarter based on the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Alternatively, clients may elect to be billed directly and agree to pay the advisory fee within 30 days of client's receipt of an invoice from PFA.

## **Financial Planning Fees**

As a fixed fee, financial planning fees typically ranging from \$2,000 to \$8,000. Fixed fees are quoted to a client based on the nature and complexity of each client's circumstances. 50% of this fee is generally due upon signing the financial planning agreement, with the balance due upon presentation of the financial plan to the client.

Most clients will travel to the offices of PFA for the financial planning session. If the client should request and authorize that the PFA staff travel to their location, the client will be responsible for the related PFA advisor travel expenses, which are billed in addition to the clients stated financial planning fee.

Financial Planning fees encompass the information-gathering process, the information review and meeting preparation process, the initial client meeting, the written financial plan and the related client/advisor follow up communications for the 6-month period following the initial client financial planning meeting date.

Financial Planning fees for clients who choose to enter into ongoing financial planning service relationship subsequent to their initial financial planning consultation as described above will be charged an annual fee typically ranging from \$2,000 to \$8,000. This fee will be billed monthly or quarterly, in advance, and is negotiable based on the client's individual needs and circumstances.

Please see the description of Financial Planning services in *Item 4* of this Brochure for complete information on the services offered.

After, or during, the initial financial planning agreement service period (i.e., 6 months after signing the financial planning agreement), certain clients, depending on the nature and complexity of their circumstances and needs may choose to also sign an investment advisory agreement with PFA.

## **Dental Practice Acquisition Consulting Services Fees**

Consulting fees will be charged on an hourly basis, typically at \$250 per hour. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship. Consulting services will be billed monthly based on the time spent on the project for the given month.

PFA Consulting Fees are negotiable and may be modified or changed by PFA upon advance written notice to the client.

Clients should be aware that subsequent, additional, special reviews or requests for consulting services will be subject to an additional charge.

Most clients will travel to the offices of PFA for the consulting services. If the client should

request and authorize that the PFA staff travel to their location, the client will be responsible for the related PFA advisor travel expenses, which are billed in addition to the client's stated consulting fee.

### **Dental Practice Transition Fees**

PFA Dental Practice Transition Fees are typically charged as a flat fee of \$20,000. PFA dental practice Transition Fees are negotiable.

Most clients will travel to the offices of PFA for the dental practice transition service session. If the client should request and authorize that the PFA staff travel to their location, the client will be responsible for the related PFA advisor travel expenses, which are billed in addition to the client's stated dental practice transition service fee.

For referrals of dental client's practices to a DSO purchaser, PFA may receive a finder's fee paid directly from the DSO. The fee is based on a percentage of the transactional value paid to the client as compensation for the purchase of the dental practice. The finders fee is paid directly from the DSO to PFA solely for the referral of the client and does not represent an engagement of PFA by the DSO for any services or value. The finder's fee is paid solely by the DSO and does not reduce nor affect the valuation of the practice nor the proceeds paid by the DSO to the client for the purchase of the dental practice.

### **General Information on Fees**

#### *Negotiability of Advisory Fees and Minimum Requirements*

In certain circumstances, all fees and account minimums may be negotiable.

#### *Fee Calculation*

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act).

#### *Termination of Advisory Relationship*

A client agreement may be cancelled at any time, by either party, for any reason upon the receipt of 10 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Refunds will be prorated for the period of termination and will represent the unearned portion of the total fees paid, prorated on a daily basis for the quarter. The client has the right to terminate an agreement without penalty within 5 business days after entering into the agreement.

#### *Mutual Fund Fees*

All fees paid to PFA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee,

other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without the services of PFA. In that case, the client would not receive the services provided by PFA that are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives and specific allocations to each fund.

Accordingly, the client should review both the fees charged by the funds and the fees charged by PFA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### *Brokerage Fees*

All fees paid to PFA for investment advisory services are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that will be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as fees charged by managers, custodial fees, 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.

#### *Advisory Fees in General*

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees. Clients have the option to purchase similar investment products recommended by PFA through other brokers or agents.

#### *Proxy Voting*

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

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

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

### **Item 7 – Types of Clients**

PFA offers a combination of asset allocation/portfolio implementation, financial planning, consulting advisory services, and dental practice transitions services where appropriate, to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, and charitable organizations. A minimum annual fee of \$5,000 is required for participation in our asset allocation/portfolio implementation service; however, this minimum annual fee may be waived in certain circumstances.

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

Investing in securities involves the risk of loss; each client should be prepared to bear such risk.

PFA requires each client to complete an Investment Questionnaire designed to gain an understanding about the client's investment goals and objectives, risk tolerance, time horizon, and future outlook on the investment environment and the economy in general. The results of the client's answers to the questionnaire assist PFA in recommending an appropriate portfolio for the client.

PFA creates model portfolios based on strategic asset allocation models designed to produce diversified efficient portfolios. The mix of the assets (e.g., large and small domestic stock funds, international stock funds, domestic and international bond funds, commodity funds, money market funds, etc.) used in each model portfolio is focused on creating appropriate diversification. We seek to combine asset classes in the model portfolios that have low correlations with each other, thus attempting to reduce volatility. Although the mix of the assets changes between each model portfolio, the underlying funds and/or ETFs are the same. Multiple model portfolios exist (e.g., Conservative, Moderate, Aggressive, etc.) representing different levels of expected risk and return.

Once the appropriate portfolio has been selected and implemented for a client, PFA will review the client accounts at least annually or on an event-driven basis as a result of a change in the economy or in an individual client's life status. Accounts are rebalanced to target allocations whenever it is deemed necessary to manage the risk of the portfolio; however, PFA does not frequently trade within the accounts. As client's investment goals and objectives, time horizons, and/or attitudes toward investment risk change, PFA will implement corresponding changes to an appropriate model portfolio upon agreement of the client.

Investing in any type of security involves risk of loss that clients should be prepared to bear. PFA's methods of analysis and investment strategies do not present any significant or unusual risks.

All accounts under our asset allocation and portfolio implementation services are non-discretionary in nature, meaning that recommendations for changes to investment accounts require client approval.

## **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 your evaluation of Paladini Financial

Advisors, LLC or the integrity of Paladini Financial Advisors' management. Paladini Financial Advisors, LLC has no information applicable to this Item to disclose.

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

Matthew M. Paladini, President, is the sole owner and founder of Paladini Financial Management, Inc., the primary owner of PFA. In addition, Mr. Paladini is a 20% equity partner in Wealth Advisors Trust Company ("Wealth Advisors Trust"). Wealth Advisors Trust is an independent, non-custodial, corporate trust company serving financial planners, investment advisors, insurance agents, wealth managers and multifamily offices as they implement and monitor the life-cycle plans of their clients and their families. PFA may recommend Wealth Advisors Trust to its clients who are in need of corporate non-custodial trust services, to avoid conflicts of interests related to the recommendation of Wealth Advisor Trust services client are supplied names of other corporate trust companies to consider in their decision making process. Clients are free to use the services of any trust company they choose. The use of Wealth Advisors Trust is not a condition of being a client of PFA.

John E. Line, PFA Vice President and Client Advisor, is separately a Certified Public Accountant (CPA) and a Certified Valuation Analyst (CVA) and the sole owner of John Line, CPA, Inc., Member and one-third owner of PFA.

As such, Mr. Line, in his separate capacity as a CPA, may provide accounting and tax preparation services to clients, for which he would receive separate, yet customary compensation.

Mr. Line, in his separate capacity as a CVA, is able to provide business valuation services to clients, for which he would receive separate, yet customary compensation.

Clients are not under any obligation to engage Mr. Line for accounting or business valuation services when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While Mr. Paladini and Mr. Line endeavor at all times to put the best interests of the clients first under PFA's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect an individual's judgment when making recommendations. Mr. Paladini and Mr. Line expect to spend less than 5% of their time on these related activities.

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

PFA has a fiduciary duty to Clients to act in the best interest of the Client and always place the Client's interests first. PFA takes its compliance and regulatory obligations seriously and requires all staff to comply with such rules and regulations as well as PFA's Policies

and Procedures. Further, PFA strives to handle Clients' non-public information to protect information from falling into hands that have no business reason to know such information. PFA provides clients with annual copies of the Privacy Policy. As such, PFA maintains a Code of Ethics for its Advisory Representatives, supervised persons, and staff. The Code of Ethics contains provisions for standards of business conduct to comply with applicable securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, PFA's Code of Ethics establishes PFA's expectation for business conduct. A copy of the Code of Ethics will be provided to any client or prospective client upon request by contacting Matthew M. Paladini.

PFA or individuals associated with PFA may buy or sell securities identical to, or different than, those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of PFA that no person employed by PFA may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. As these situations represent a conflict of interest, PFA has established the following restrictions to ensure its fiduciary responsibilities:

An officer, director, or employee of PFA shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of PFA shall prefer his or her own interest to that of the advisory client.

PFA maintains a list of all individual securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. Matthew M. Paladini, President of PFA, reviews these holdings on a quarterly basis.

PFA requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

## **Item 12 – Brokerage Practices**

### **Asset Allocation/Portfolio Implementation Services**

PFA has entered into a relationship to offer brokerage and custodial services through



either Fidelity Investments and/or TD Ameritrade Institutional, a division of TD Ameritrade, Inc., Member FINRA/SIPC/NFA ("TD Ameritrade") and/or Matrix Trust Company. PFA is independently owned and operated and not affiliated with TD Ameritrade, Fidelity Investments nor Matrix Trust Company.

In order to obtain asset allocation and implementation services from PFA, clients will need to maintain an account with Fidelity Investments and/or TD Ameritrade and/or Matrix Trust Company. If the client selects another brokerage firm for custodial and/or brokerage services, the client will not be able to receive asset allocation and implementation services from PFA. Not all investment advisers require clients to maintain accounts at a specific broker-dealer.

PFA has evaluated Fidelity Investments, TD Ameritrade and Matrix Trust Company and believes that they provide PFA clients with a blend of execution services, commission costs, and professionalism that will assist PFA in meeting its fiduciary obligations to clients.

Clients should note that PFA also receives certain benefits from Fidelity Investments, TD Ameritrade and Matrix Trust Company that it would not receive if it did not offer investment advice to clients.

These benefits include: receipt of duplicate client confirmations and account statements detailing trades, dividends and interest payments; access to block trading, which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from a client account (in accordance with federal and state regulations); access to an electronic communication network for client order entry and account information; access, for a fee, to enhanced trading and analytical tools; and access to a wide range of mutual funds of which over 900 have no transaction fee. The benefits received through participation in the custodian's program do not depend upon the amount of transactions directed to, or amount of assets held by the custodian. We receive a benefit because we do not have to pay for the research, products, or services. Although the receipt of products or services is a benefit for you and us, it also presents a conflict of interest.

PFA does not participate in block transactions.

You are advised there is an incentive for PFA and our Advisory Representatives to recommend Fidelity Investments, TD Ameritrade and Matrix Trust Company over other custodians based on the products and services that we will receive rather than your best interest.

### **Financial Planning/Consulting Services**

PFA's financial planning and consulting services, due to the nature of PFA's business and client needs, do not include blocking trades, negotiating commissions with broker-dealers nor obtaining volume discounts, nor necessarily obtaining the best price. Clients will be

required to select their own broker-dealers and insurance companies for the implementation of financial planning and/or consulting recommendations. PFA may recommend any one of several brokers including, but not necessarily limited to Fidelity Investment, TD Ameritrade or Matrix Trust Company. PFA clients must independently evaluate these brokers before opening an account. The factors considered by PFA when making this recommendation are the broker's ability to provide professional services, PFA's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. PFA's financial planning and consulting clients may use any broker or dealer of their choice.

## **Item 13 – Review of Accounts**

### **Asset Allocation/Portfolio Implementation Services**

For PFA advisory client accounts, portfolios and portfolio holdings are reviewed on an annual basis or on an event driven basis as a result of a change in economic conditions or in an individual client's investment objectives. Changes in variables such as market, political or economic circumstances, or changes in a client's individual financial objectives or circumstances may trigger more frequent reviews. All reviews are conducted by the client's primary advisor, Matthew M. Paladini, PFA President, John E. Line, PFA

Vice President/Client Advisor, or Wendy L Kelly, PFA Co-Owner/Client Advisor. Additional reviews may also be performed at the request of a client.

PFA will, at the client's request, provide quarterly reports to clients, which will include portfolio positions, values, performance and investment yields, among other information. Clients will also receive reports and confirmations of any transactions from broker-dealers or custodians maintaining the client's account as described in *Item 15*.

### **Financial Planning/Consulting Services/Dental Practice Transition Services**

These client accounts will be reviewed as contracted during the initial financial planning session during the advisory relationship, and upon annual planning services review. Financial Planning and Dental Practice Transition Services clients will receive a written financial plan or practice transition valuation/plan, depending on the specific engagement. Consulting Services clients will not typically receive reports due to the nature of the service.

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

No third parties are compensated by PFA for client referrals.

## **Item 15 – Custody**

PFA does not custody client assets, nor does PFA issue client account statements. Clients directly receive monthly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. PFA urges you to carefully review such statements.

## **Item 16 – Investment Discretion**

All client accounts under PFA's asset allocation and portfolio implementation services are non-discretionary in nature.

When selecting securities and determining amounts, PFA will observe the investment policies, limitations and restrictions of the client, such investment guidelines and restrictions must be provided to PFA in writing.

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

As a matter of firm policy and practice, PFA does not have nor accept authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies directly from their custodian or transfer agent for any and all securities maintained in client's portfolios. Clients may contact PFA in writing regarding questions they have related to solicitations received.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Paladini Financial Advisors, LLC's financial condition. Paladini Financial Advisors, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**MATTHEW MARK PALADINI**

CRD #4527850

YEAR OF BIRTH: 1972

**Educational Background:**

BBA, Finance, University of North Texas, 1998 Business

**Experience:**

President/Manager/Secretary/CCO, Paladini Financial Advisors, LLC, 05/2015 to present

President, Paladini Financial Management, Inc., 02/2006 to present

Partner, Wealth Advisors Trust Company, 05/2009 to present

Financial Planner, Cain Watters & Associates, PC, 12/2002 to 3/2006

Financial Planner, Ernst & Young, LLP, 06/1998 to 12/2002

**Examinations and Designations:**

NASAA Series 65, Uniform Investment Adviser Law Examination

Certified Financial Planner (CFP®), granted by the CFP Board of Standards, 2001

**Disciplinary Information:**

None

**JOHN EDWARD LINE**

CRD #4793414

YEAR OF BIRTH: 1974

**Educational Background:**

BBA, Accounting; MBA, Taxation Texas A&M University, 1997 Business

**Experience:**

Manager/Vice President/Treasurer/Advisory Representative, Paladini Financial Advisors, LLC, 05/2015 to present

CPA/Owner; John Line, CPA, Inc. (formerly Line Wealth, Inc.), 06/2014 to present

Advisory Representative, Paladini Financial Management, Inc., 04/2008 to 06/2015 CEO

Advisory Representative, Line Wealth, Inc., 10/2007 to 06/2014

**Examinations and Designations:**

NASAA Series 65, Uniform Investment Adviser Law Examination

Certified Financial Planner (CFP®), granted by the CFP Board of Standards, 2004

Certified Public Accountant (CPA), granted by the TX State Board of Accounting, 2000

Certified Valuation Analyst (CVA), granted by the National Association of Certified Valuators and Analysts, 2009

**Disciplinary Information:**

None

**WENDY LEE KELLY**

**CRD #5596014**

**YEAR OF BIRTH: 1983**

**Educational Background:**

BS, Mathematics, Midwestern State University, 2004

MS, Quantitative Finance, University of Texas at Arlington, 2008

**Business Experience:**

Owner/Partner, Paladini Financial Advisors, LLC, 05/2019 to present

Manager, Wendy L Kelly CFP LLC, 05/2019 to present

Associate Financial Planner/Advisory Representative; Paladini Financial Advisors, LLC,  
07/2015 to 04/2019

Associate Financial Planner, Paladini Financial Management, Inc. 09/2006 to 06/2015

**Examinations and Designations:**

Certified Financial Planner (CFP®), granted by the CFP Board of Standards, 2012

NASAA Series 65, Uniform Investment Adviser Law Examination

**Disciplinary Information:**

None

## **Professional Designation Descriptions:**

**Certified Financial Planner (CFP®):** The CERTIFIED FINANCIAL PLANNER™ (CFP®) and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a 2-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real-world circumstances;

Experience – Complete at least 3 years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:



Continuing Education – Complete 30 hours of continuing education hours every 2 years, including 2 hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and

Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Certified Public Accountant (CPA)** CPAs are licensed and regulated by their state boards of accountancy. Although state laws and regulations vary, the education, experience, and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least 1 year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. To maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a 2-year period or 120 hours over a 3-year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct*, which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA’s *Code of Professional Conduct* within their state accountancy laws or have created their own.

**Certified Valuation Analyst (CVA)** : A person with the CVA accreditation has attained a level of knowledge in business valuations that the National Association of Certified Valuation Analysts (NACVA) considers exemplary and worthy of recognition by awarding the designation of Certified Valuation Analyst (CVA). To become certified by NACVA, the candidate is required to successfully complete a rigorous training and testing process. A preemptive requirement to becoming a CVA is that the applicant must be a Certified Public Accountant (CPA) registered in his or her state. Implicit in this requirement is that the CVA

maintains at least 40 hours of Continuing Professional Education (CPE) each year. NACVA also requires that CVAs obtain at least 12 hours per year of CPE in areas related to business valuation and/or litigation support.

Other Business Activities:

Matthew M. Paladini, President, is the sole owner and founder of Paladini Financial Management, Inc., Member and primary owner of PFA. In addition, Mr. Paladini is a 20% equity partner in Wealth Advisors Trust Company ("Wealth Advisors Trust"). Wealth Advisors Trust is an independent, non-custodial, corporate trust company serving financial planners, investment advisors, insurance agents, wealth managers and multi-family offices as they implement and monitor the life-cycle plans of their clients and their families.

PFA may recommend Wealth Advisors Trust to its clients who are in need of corporate non-custodial trust services. To avoid conflicts of interests related to the recommendation of Wealth Advisors Trust services clients are supplied names of at least two other corporate trust companies to consider in their corporate trust company selection process. Clients are free to use the services of any trust company they choose as the use of Wealth Advisors Trust is not a condition of being a client of PFA.

John E. Line, PFA Vice President and Client Advisor, is separately a Certified Public Accountant (CPA) and a Certified Valuation Analyst (CVA) and the sole owner of John Line, CPA, Inc., Member and one-third owner of PFA. As such, Mr. Line, in his separate capacity as a CPA, may provide accounting and tax preparation services to clients, for which he would receive separate, yet customary compensation. Mr. Line, in his separate capacity as a CVA, is able to provide business valuation services to clients, for which he would receive separate, yet customary compensation.

Clients are not under any obligation to engage Mr. Line for accounting or business valuation services when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While Mr. Paladini and Mr. Line endeavor at all times to put the best interests of the clients first under PFA's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect an individual's judgment when making recommendations. Mr. Paladini and Mr. Line expect to spend less than 5% of their time on these related activities.

Additional Compensation:

None

#### Supervision:

Matthew M. Paladini, President, 817-704-7788, supervises the activities of Matthew M. Paladini, John E. Line, and Wendy L. Kelly. Supervision of advice given by the individuals listed is monitored through various means. First, regular meetings are held to facilitate interpersonal communication involving discussions of material specific client circumstances and related recommendations. Secondly, all electronic communication (email) and advisor notes regarding client advice is stored in an electronic database accessible to Matthew M. Paladini and is filed according to financial relevance, i.e., investments recommendations, business, estate planning, etc. Matthew M. Paladini periodically reviews additions to the database to monitor advice. Finally, Matthew M. Paladini reviews each written client financial planning, consulting, dental practice sale meeting transcript to monitor the specific advice rendered to each client of PFA.

#### Requirements for State-Registered Advisers:

There is no information to disclose for Matthew M. Paladini, John E. Line, or Wendy L. Kelly for:

- Any award or liability from arbitration; or
- Any award or liability in a civil, self-regulatory, or administrative proceeding.

Matthew M. Paladini, John E. Line, and Wendy L. Kelly have never been the subject of a bankruptcy petition.