



**MALLARD ADVISORS** LLC

*Comprehensive Financial Planning  
& Wealth Management Solutions*

## Firm Brochure - Part 2A of Form ADV

March 10, 2021

Mallard Advisors, LLC

This brochure provides information about the qualifications and business practices of Mallard Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 302-239-1654, or by email at: [bill@mallardadvisors.com](mailto:bill@mallardadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Mallard Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Firm" using the firm's CRD number, which is 168795.

**References herein to Mallard Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

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## Item 2 – Material Changes

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### Annual Update

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

Mallard Advisors, LLC reviews and updates our brochure at least annually. We have not had any material changes to this brochure since our last annual update of our brochure dated March 4, 2020.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 302-239-1654 or by email at: [bill@mallardadvisors.com](mailto:bill@mallardadvisors.com).

Additional information about Mallard Advisors, LLC is available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Mallard Advisors, LLC who are registered as Investment Advisor Representatives.

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## Item 4 – Advisory Business

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### Firm Description

Mallard Advisors, LLC (“Mallard”) is a registered investment advisor with the Securities and Exchange Commission (“SEC”).

Mallard offers financial planning and investment management to individuals and families on a fee-only basis. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

As a fee-only advisory firm, we don’t sell financial products such as annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No commissions, finder’s fees, or referral fees are accepted.

We provide investment advice, and generally execute recommendations. Mallard does not act as a custodian of client assets. Clients always maintain asset control, through an independent custodian that holds the assets, and directly provides clients with regular statements. When Mallard is responsible for executing trades for clients, we do this under a **limited** power of attorney with a third-party independent custodian.

Depending on the services selected by the clients, recommendations may take a variety of forms including financial statements, written evaluations, personal meetings, etc.

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

An initial meeting is free of charge and is considered an exploratory interview to determine the extent to which financial planning and/or investment management may be beneficial to the client, the most appropriate services, and to estimate the cost for the service.

Mallard Advisors hereby acknowledges that it is a “fiduciary” when the firm’s services are subject to the provisions of ERISA of 1974, as amended.

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### Principal Owners

William D. Starnes is the sole owner of Mallard Advisors, LLC.

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## Tailored Relationships

The goals and objectives for each client are discussed and/or documented in writing. Financial plans and/or investment policy statements are created that reflect the stated goals and objectives. In some cases, clients may impose restrictions on investing in certain securities or types of securities.

Agreements will not be assigned without client consent. This means Mallard cannot transfer the client's file to another advisory firm without written permission from the client.

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## Types of Services

We work with clients on either an on-going basis, or for one-time reviews. Typically, new clients begin their relationship with us with a one-time review called a Financial Plan. Those who desire on-going services, can choose either an investment only option (Investment Management Program), or full-service option (Wealth Management).

As of December 31, 2020, Mallard managed the following assets:

Assets Under Management	Assets
Discretionary Assets	\$155,981,608
Non-discretionary Assets	\$0
<b>Total</b>	<b>\$155,981,608</b>

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## Financial Plan

The Financial Plan is a "stand-alone" review addressing specific financial concerns. This generally results in a financial plan presented over two sessions.

We believe in starting our relationships with a stand-alone financial plan for several reasons. First, it allows new clients to evaluate our services prior to establishing a long-term relationship. Second, it allows us to price our services based on our clients' unique circumstances and desires. Third, it allows us to begin a potential long-term relationship with an in-depth review.

Specific investment advice and recommendations are generally provided as part of a financial plan. The Financial Plan does not necessarily constitute a comprehensive financial planning engagement and follow-up advice and/or implementation assistance is not provided following the completion of the project. Investment account management or monitoring is not provided as part of the Financial Plan.

After the plan is complete, clients who desire *on-going* assistance may choose either the Investment Management, or Wealth Management program.

With a Financial Plan, if we make investment recommendations, we provide no investment trading or on-going monitoring. In other words, Mallard does not have authority over clients' funds and does not execute trades in clients' accounts. The client is not required to follow any recommendations made by Mallard. The client is solely responsible to implement any recommendations made by Mallard.

Currently this service is available when time allows.

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### **Investment Management Program = On-Going Investment Management**

An *Investment Management* program may be preferred for clients looking solely for disciplined on-going, discretionary investment oversight including investment selection, trading, monitoring, and reporting. This service level does not provide for any other services such as financial advice, tax preparation, or scheduled face-to-face meetings.

After consultation with us, clients may impose restrictions on investing in certain securities or types of securities. All restrictions must be in writing.

Assets are invested primarily in no-load mutual funds and exchange-traded funds, through a discount broker. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. The brokerage firm may charge a fee for mutual fund, ETF, stock and bond trades. Mallard does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through Mallard.

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### **Wealth Management = On-going Financial Planning & Investment Advice**

Our Wealth Management services are a personal advisory program providing on-going investment, financial, and tax planning/preparation services. The program is designed to provide our clients with the peace of mind in having a dedicated financial advisor able to coordinate their tax, investment, and financial lives.

Wealth Management includes a minimum of two scheduled appointments throughout the year. Appointments will address areas such as investments, tax planning, financial security, cash flow, and tax return preparation. In addition to these scheduled appointments, this program allows clients to call or visit at any time, for any reason, at no additional cost.

This program is designed for those who want on-going advice, education, and implementation assistance covering many aspects of their financial lives with the goal of establishing a long-term partnership with a trusted advisor. It is through this type of relationship that our clients receive the greatest service and cost benefits.

Mallard Advisors will enter into an agreement with our clients that details the scope of the relationship and responsibilities of us and our clients. Advice and services provided under the agreement are tailored to the stated objectives of our client(s).

Investment advice is provided to Wealth Management clients on a **discretionary basis**. Discretionary authority allows Mallard to execute trades in a client's investment accounts without obtaining approval from the client prior to executing investment recommendations. Mallard will act in accordance with a Statement of Investment Policy (or a similar document used to establish your objectives and suitability). All clients must sign a ***limited*** power of attorney "LPOA" authorizing Mallard to place trades in the client's investment accounts.

After consultation with us, clients may impose restrictions on investing in certain securities or types of securities. All restrictions must be in writing.

Assets are invested primarily in no-load mutual funds and exchange-traded funds, through a discount broker. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. The brokerage firm may charge a fee for mutual fund, ETF, stock and bond trades. Mallard does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through Mallard.

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### **Retirement Rollovers-No Obligation/Conflict of Interest**

A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in his former employer's plan, if permitted, 2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

Mallard may recommend an investor roll over plan assets to an IRA managed by Mallard. As a result, Mallard may earn more compensation than if the IRA is not rolled over to the firm. Mallard may have an economic incentive to encourage an investor to roll plan assets into an IRA that Mallard will manage.

There are various factors that Mallard may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus those of Mallard, iv) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by Mallard.

## Item 5 – Fees and Compensation

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### Financial Plan

Mallard's financial planning project fees are not negotiable and are quoted on a flat fee basis. The fee for a financial plan is predicated upon the facts known at the start of the engagement. The minimum project fee is \$3,000. In the event that a client requires unforeseen additional financial planning and/or consultation services (after the initial quote has been provided), Mallard may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

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### Wealth Management

Wealth Management provides financial planning for a fixed fee that is adjusted annually **AND** investment management with a fee that is based on a percentage of assets under management.

Fees for the financial planning component of the Wealth Management program generally range (but may be higher or lower) from \$3,000 to \$10,000 and are billed quarterly (Jan, April, July, Oct) at the beginning of the quarter; due and payable upon receipt of the Advisor's invoice. This fee is recalculated annually.

Fees for the investment management component of the Wealth Management Program are calculated and assessed at the conclusion of the calendar quarter (i.e., arrears), and are based on the assets under management using the schedule below. Quarterly investment management fees for the Wealth Management Program are subject to a \$1,500 minimum amount.

<u>Portfolio Size</u>	<u>Annualized Fee</u>
First \$2,000,000	0.75%
Next \$2,000,000	0.60%
Next \$3,000,000	0.45%
Next \$4,000,000	0.35%
Amount > \$11 million	0.20%

Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Wealth Management is an on-going service. Either party may terminate an Agreement by written notice to the other party within the scope of the Wealth Management Agreement. At termination, fees will be billed or refunded, as



appropriate, on a pro rata basis for the portion of the quarter completed. Upon termination, Mallard will have no obligation to monitor or take any action with regard to the account(s) previously managed.

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## Investment Management Program

Fees for the Investment Management Program are based on the assets under management using the schedule below. Quarterly fees for the Investment Management Program are subject to a \$500 minimum amount.

<u>Portfolio Size</u>	<u>Annualized Fee</u>
First \$2,000,000	0.75%
Next \$2,000,000	0.60%
Next \$3,000,000	0.45%
Next \$4,000,000	0.35%
Amount > \$11 million	0.20%

Current client relationships may exist where the fees are higher or lower than the fee schedule above.

The Investment Management Agreement is an ongoing agreement. Either party may terminate an Agreement by written notice to the other party within the scope of the Investment Advisory Agreement.

At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. Upon termination, Mallard will have no obligation to monitor or take any action with regard to the account(s) previously managed.

Fees are *not negotiable*.

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## Fee Billing

1. **Financial Plan** – Fees for financial planning services are billed 50% in advance, with the balance due upon completion of the financial planning engagement. Financial planning fees are generally paid by check.
2. **Wealth Management** – Fees for the financial planning component are billed quarterly (Jan, April, July, and Oct) at the beginning of the quarter; due and payable upon receipt of the Advisor's invoice. These fees may be paid via check or directly debited from an investment account. Fees for the investment

- management component are calculated and assessed at the conclusion of the calendar quarter (i.e., in arrears), on the AUM as of the end of the quarter. This means that we invoice the client *AFTER* the three-month billing period has *ENDED*. Fees are deducted from a designated client account(s) to facilitate billing. The client must consent in advance to direct debiting from an investment account.
3. **Investment Management Program** – Fees are calculated and assessed at the conclusion of each calendar quarter (i.e., arrears), on the AUM as of the end of the quarter. This means that we invoice the client *after* the three-month billing period has *ended*. Fees are deducted from a designated client account(s) to facilitate billing. The client must consent in advance to direct debiting of their investment account.
  4. Several clients of the Mallard Advisors predecessor firm may receive service based on a fee-schedule different from above.
  5. Occasionally, Mallard may charge an hourly rate of \$262 for financial planning.

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## Other Fees

There are also fees charged by others that impact Wealth Management and Investment Management clients. These include commissions (and other fees) charged by the discount broker, and expenses (and other fees) charged by the mutual funds/ETF's (Exchange Traded Funds). Since clients pay us directly, we want to minimize our clients' costs to other parties to the extent it is sensible or possible.

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange-traded funds. These transaction charges are usually relatively small and are incidental to the purchase or sale of a security. Some mutual funds have no transaction fees. Mutual funds and/or the custodian may also charge short-term redemption fees over varying duration in order to minimize frequent trading. Since Mallard is not an active trader, redemption fees are generally minimized.

All mutual funds and ETF's have annual operating expenses called expense ratios which pay the manager of the fund, their team, and all administrative expenses. We do not recommend mutual funds that have sales charges. Instead, Mallard uses no-load mutual funds, and if available, also uses Institutional share class mutual funds in order to minimize the expense ratios.

Institutional share classes are also no-load mutual funds, but they have the additional benefit of having expense ratios that are lower than the other share classes of the same fund. This cost reduction is directly beneficial to our clients. Minimum purchase amounts may also be waived for our clients.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Item 12 further describes the factors that the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

***Termination of the Advisory Relationship:*** An advisory client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with written notice. Upon termination, fees will be prorated to the date of termination. Any unearned fees will be refunded to the client.

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## **Conflicts of Interest**

Being a fiduciary fee-only advisor does not eliminate all potential conflicts of interest. While we feel that our business model and fee structure minimize conflicts of interest, some remaining conflicts can exist. The following are examples (not necessarily a comprehensive list) of conflicts of interest under each of our service levels and how we minimize them:

1. **Financial Planning** - Since fees are determined based upon each client's particular issues and situation, there are potential conflicts of interest which may arise that Mallard would like each client to be aware of. For example, if a client's situation involves issues new to Mallard, more research may be required to fully advise the client in a professional manner. This could therefore cost the client more. To limit these conflicts of interest, Mallard will set a fixed fee, in advance, for agreed upon work.
2. **Investment Management** – Mallard's compensation is based on the amount of client assets which will be managed by Mallard. This method of compensation creates conflicts in that this compensation may be enhanced in situations where the client is depending on objective advice. These include any situations which would decrease or increase the assets Mallard may manage, such as taking out a mortgage rather than using cash, selecting a retirement pension versus a lump sum, using cash for paying off a mortgage, gifting to charities or children, recommendations to bring other assets, such as 401(k) accounts, under Mallard management, etc.

To limit these conflicts of interest, Mallard will do the following:

- a. The Investment Management program does not include any financial advice in order to eliminate these types of potential conflicts of interest.

- b. At times, some incidental non-investment related advice may be provided. If this is provided and there is a potential conflict of interest, Mallard will notify the client of the conflict

Mallard revenue may also be increased or decreased due to market fluctuations determined predominately by economic factors beyond the firm's control. Such extreme market fluctuations would not actually reflect the value Mallard may add to investment management. To counter these disadvantages, Mallard will provide the client a comparison of benchmark performance to the performance of the client's account(s). To make sure the client is aware of the fees charged, a quarterly billing statements which detail the dollar amount charged, even though these amounts are withdrawn directly from the client's account, will be sent to each client.

- 3. **Wealth Management** – Since the Wealth Management program fee includes both a flat annual fee and an AUM fee, this program compensation can create the same conflicts as mentioned above under Financial Planning and Investment management. To counterbalance these conflicts:
  - i. A fixed annual fee is set for the financial planning component.
  - ii. Mallard has a minimum number of 'standing appointments' each year scheduled for each client to assure access;
  - iii. Mallard will disclose potential conflicts of interest;

Any financial advice that may impact the value of the client's investments can impact Mallard's fees. For example, if a client gives away \$100,000, their investments will drop by \$100,000 and their fee could also decline.

As part of its fiduciary duties to clients, Mallard endeavors at all times to put the interest of its clients first. Regardless, any client that custodies assets at our recommended brokerage firm should be aware that Mallard's receipt of any economic benefits from these brokerage firms creates a potential conflict of interest and may indirectly influence Mallard's choice of firm for custody and brokerage services.

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

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### Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Mallard does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7 – Types of Clients

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### Description

Mallard Advisors, LLC generally provides financial and investment advice to individuals and families.

Client relationships vary in scope and length of service.

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### Minimum Fees

**Financial Planning** – There is no minimum investment values needed in order for us to provide project advice. There is a \$3,000 minimum project fee.

**Wealth Management** – There is a minimum quarterly total Wealth Management fee of \$2,000.

**Investment Management Program** – There is a minimum quarterly fee of \$500.

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

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### Methods of Analysis

#### Investment Strategies

Mallard approaches investment portfolio analysis and implementation based on internal factors such as the client's tax situation, overall risk tolerance, current financial situation, personal goals and aspirations. After identifying these items, a client's portfolio will be structured around these individual needs.

The primary investment strategy used on client accounts is strategic asset allocation utilizing both passively-managed funds and actively-managed no-load mutual funds. Portfolios are globally diversified to control.

The investment strategy for a specific client is based on the objectives stated by the client during consultations. The client may change these objectives at any time. Each Investment Management and Wealth Management client executes a formal ***Investment Policy Statement*** that documents their objectives and their desired investment strategy.

In general, Mallard recommends no-load mutual funds (i.e., mutual funds that have no sales fees), exchange traded funds, U.S. government securities, money market accounts, and certificates of deposit. However, in the course of providing investment advice, Mallard may address issues related to other types of assets that the client may already own. Any other products that may be deemed appropriate for the client will be discussed, based upon the client's goals, needs and objectives.

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## **Risk of Loss**

All investments have certain risks associated with them that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind.

Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a

standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Investing involves risk of loss that clients should be prepared to bear. While Mallard will use its best judgment and good faith efforts in rendering services to our clients, not every investment decision or recommendation made by Mallard will be profitable. Mallard does not warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Our clients assume all market risk involved and understand that investment decisions are subject to various market, currency, economic, political and business risks.

## Item 9 – Disciplinary Information

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### Legal and Disciplinary

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

## Item 10 – Other Financial Industry Activities and Affiliations

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### Affiliations

William D. Starnes is a member of the National Association of Personal Financial Advisors (NAPFA), which requires that its members are fee-only and obtain a minimum of 60 continuing education credits every two years.

William D. Starnes is a member of the Alliance of Comprehensive Planners (ACP). This non-profit organization provides training and support through an alliance of fee-only comprehensive financial advisors. As a member of the ACP, Mr. Starnes has the right to use proprietary products and systems designed by the ACP. The ACP offers education in the form of in-person, web- and tele-conferences (which may provide continuing education credits) and services produced by collaborative efforts of the fee-only financial advisors.

As a fiduciary, Mallard Advisors, LLC has certain legal obligations, including the obligation to act in clients' best interest. Mallard Advisors, LLC maintains a Business Continuity and Succession Plan and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to

disability or death. To that end, Mallard Advisors, LLC has entered into a succession agreement with Mercer Global Advisors, Inc. effective February 14, 2020. Mercer does not have any ownership in or control of Mallard Advisors, LLC. Mallard Advisors, LLC can provide additional information to any current or prospective client upon request to William D. Starnes, at (302) 239-1654 or [bill@mallardadvisors.com](mailto:bill@mallardadvisors.com).

Mallard has no arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

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### **Code of Ethics**

The employees of Mallard have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The Code of Ethics describes Mallard's high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons of Mallard Advisors must acknowledge the terms of the Code of Ethics annually, or as amended.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

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

Certain classes of securities, such as open ended mutual funds, are designated as exempt transactions, meaning employees may trade these without prior permission because such trades would not materially interfere with the best interest of our clients. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.



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## Personal Trading

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

## Item 12 – Brokerage Practices

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### Selecting Brokerage Firms

Mallard does not have any affiliation with product sales firms. Specific custodian recommendations are made to our clients based on their need for such services. Mallard recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Mallard recommends discount brokerage firms and trust companies (qualified custodians), such as TD Ameritrade, Inc., Member FINRA/SIPC/NFA and TIAA-CREF. Mallard is independent of all such brokerage firms and custodians, and all such firms are independent of Mallard.

Mallard DOES NOT receive fees or commissions from any of these arrangements.

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### Best Execution

Mallard reviews the execution data from TD Ameritrade or any other custodian. Trading fees charged by the custodians are also reviewed on a periodic basis. Mallard does not receive any portion of the trading fees that our clients pay to these custodians.

Clients are not obligated to effect transactions through any broker-dealer recommended by Mallard. However, clients who may want to direct Mallard to use a particular broker should understand that this may prevent Mallard from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution.

When recommending a broker-dealer we will comply with our fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934, and will take into account such relevant factors as:

- Price;
- The broker-dealer's facilities, reliability and financial responsibility;

- The ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such broker or dealer to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors Mallard considers to be relevant.

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## **Soft Dollars**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Mallard may receive from TD Ameritrade (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist us to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by us may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted and/or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software, and/or other products used by Mallard in furtherance of its investment supervisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Mallard in managing and administering client accounts. Others do not directly provide such assistance, but rather assist us to manage and further develop our business enterprise.

Mallard's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by us to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

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## **Order Aggregation**

Most trades are mutual funds or exchange-traded funds, or are done on different days, where trade aggregation (combining the trades of the same security across multiple clients) does not garner any client benefit.

## Item 13 – Review of Accounts

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### Periodic Reviews

William D. Starnes is responsible for reviewing and assessing financial recommendations made to the client. Factors triggering review may include significant changes in the client's financial condition, changes in tax law, new investment information, changes in recommended investment vehicles, and significant economic developments. Clients will be provided William D. Starnes' Supplemental Brochure (Form ADV Part 2B).

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### Regular Reports

Wealth Management and Investment Management Program clients receive written quarterly updates. The written updates include a portfolio performance statement. In addition, Wealth Management clients receive written reports twice a year.

If the client maintains any brokerage account(s), the qualified custodian will provide a statement at least quarterly which includes a list of all assets held in the account, asset values, and all transactions affecting the account assets, including any additions or withdrawals.

## Item 14 – Client Referrals and Other Compensation

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### Incoming Referrals

Mallard has been fortunate to receive many client referrals over the years. The referrals come from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. The firm does not compensate referring parties for these referrals.

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### Referrals Out

Mallard does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Mallard may provide referrals to other investment advisory firms as a service to clients. When doing so, Mallard will ensure that each referred advisory firm is a registered investment adviser with the Securities and Exchange Commission or other appropriate state jurisdictions.

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## Other Compensation

As disclosed under Item 12 above, Mallard participates in TD Ameritrade's Institutional advisor program and Mallard may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Mallard's participation in the Program and the investment advice it gives to its clients, although Mallard receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving Mallard participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Mallard by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Mallard's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Mallard but may not benefit its client accounts. These products or services may assist Mallard in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Mallard manage and further develop its business enterprise. The benefits received by Mallard or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Mallard endeavors at all times to put the interest of its client first. Clients should be aware, however, that the receipt of economic benefits by Mallard or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Mallard's choice of TD Ameritrade for custody and brokerage services.

Mallard employees may receive a meal from a representative of a custodian or investment company. Such meals should not exceed a reasonable level (\$75 in most locations, \$100 in a major metropolitan area).

Mallard employees may receive 'trinkets' from a representative of a custodian or investment company. Examples could be pens, a business card holder, a calendar, golf balls, etc., typically with promotional material on them. Such items should not exceed a reasonable level (\$25 in most cases).

Mallard's selection of custodians and investment firms for client portfolios is not affected by these benefits. As part of its fiduciary duties to clients, Mallard endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of any economic benefits by Mallard creates a potential

conflict of interest and may indirectly influence Mallard's choice of firm for custody and brokerage services.

## Item 15 – Custody

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### Custody & Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. In some cases, the client can request that the custodian provides statements to them directly by email, rather than through the mail.

Mallard urges all clients to carefully review such statements and compare such official custodial records to any statements that may be provided to the client by Mallard. Mallard may also provide clients with periodic reports. These reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Mallard is deemed to have "constructive" custody of client assets because it has the authority to deduct management fees directly from client accounts and have them paid to the firm. Since the Firm directly debits its fees and follows the SEC's Custody Rule safeguards, the Firm is not subject to the additional requirements of an adviser with custody.

Mallard may, at times, have constructive custody of assets to the extent it uses Standing Letters of Authorizations ("SLOAs") for third-party money movement.

## Item 16 – Investment Discretion

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### Discretionary Authority for Trading

For **Wealth Management** and **Investment Management Program** clients, Mallard accepts discretionary authority to manage security accounts on behalf of clients. Mallard has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Discretionary authority allows us to act on behalf of the client in most matters necessary or incidental to the handling of the account, including monitoring certain assets, without the client's prior approval. All clients must sign a limited power or attorney "LPOA" authorizing Mallard to place trades in the client's investment accounts.

The client approves the custodian to be used. Mallard does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades. Discretionary trading authority facilitates placing trades in client accounts,

so that Mallard may promptly implement the investment policy that each client has approved in writing.

With a **Financial Plan**, while Mallard may make investment recommendations, Mallard does NOT execute trades in clients' accounts. Investment account management or monitoring is **not** provided as part of the Financial Plan. The client is not required to follow any recommendations made by Mallard. The client is solely responsible to implement any recommendations made by Mallard.

## Item 17 – Voting Client Securities

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### Proxy Votes

Mallard does not vote proxies on securities. Clients retain the responsibility for voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from their custodian.

If assistance on voting proxies is requested, Mallard will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## Item 18 – Financial Information

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### Financial Condition

Mallard does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. Mallard has not been the subject of a bankruptcy proceeding.

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

# Brochure Supplement (Part 2B of Form ADV)

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## Education and Business Standards

Mallard requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC®, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management. Mallard aims to give each employee responsibilities that are suitable, given that employee's education and experience.

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## Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

**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 in 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.

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 two-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 three 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 in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two 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.

**Chartered Financial Consultant (ChFC®)**: designation is obtained through The American College ChFC® designation requirements:

- Completion of the financial planning education requirements set by The American College ([www.theamericancollege.edu](http://www.theamericancollege.edu)).
- Three-year qualifying full-time work experience.
- Agree to comply with The American College Code of Ethics and Procedures.



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**William D. Starnes, CFP®, ChFC®**

Managing Member, Chief Compliance Officer, Investment Adviser Representative

**Year of Birth:**

- 1968

**Educational Background:**

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|-------------------------|-------------------|------|
| • Penn State University | BS-Psychology     | 1991 |
| • Widener University    | MS-Taxation (MST) | 2001 |
| • CFP® Certificant      | American College  | 1999 |
| • ChFC® Designation     | American College  | 2001 |

**Business Experience:**

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|-------------------------|-------------------|--------------|
| • Mallard Advisors, LLC | Financial Advisor | 2002-Present |
| • Delmarva Limited      | Financial Advisor | 1998-2002    |
| • State of Delaware     | Career Counselor  | 1996-1998    |
| • MBNA America Bank     | Analyst           | 1991-1996    |

**Disciplinary Information:** None

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:** Mallard has written supervisory procedures designed to ensure compliance with state and federal securities laws. As managing member, Mr. Starnes is not under the direct supervision of any one individual.

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