

**Form ADV Part 2A – Firm Brochure**  
**Item 1: Cover Page**  
**March 2021**



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This brochure provides information about the qualifications and business practices of Ariadne Wealth Management, LP. If you have any questions about the contents of this brochure, please contact us by telephone at (805) 456-4920 or [info@ariadnewealth.com](mailto:info@ariadnewealth.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 Ariadne Wealth Management, LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Ariadne Wealth Management, LP and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Ariadne Wealth Management, LP is required to advise clients of any material changes to the Firm Brochure ("Brochure") from our last annual update.

Since the last annual amendment filing, the following changes have been made:

- Our firm has obtained financial assistance by participating in Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA").
- We have added risk disclosure language surrounding our use of margin in client accounts.

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## Item 4: Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm has been registered as an Investment Adviser since August 2014. We were formed as a California Limited Liability Company at that time and converted to a Limited Partnership in 2018. The General Partner of our firm is Ariadne Wealth Holdings, LLC and our Limited Partners are the Dongieux Family Trust, Rick DuBreuil, and Adam Stempel.

### **Description of the Types of Advisory Services We Offer**

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#### **Comprehensive Wealth Management**

Our Comprehensive Portfolio Management service encompasses asset management, financial planning/financial consulting, pension consulting, and consideration of accounts held at another firm.

##### *Asset Management:*

It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

##### *Financial Planning & Consulting:*

As a part of this service, we provide financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Our Comprehensive Wealth Management service will involve preparing a financial plan and/or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. We provide our clients with a written summary of their financial situation, observations, and recommendations. Implementation of the recommendations will be at the discretion of the client.

### *Qualified Plan Asset Management:*

We provide pension consulting services to employer plan sponsors on a one-time or ongoing basis as a part of our Comprehensive Wealth Management Service. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

### *Account Monitoring and Reporting:*

We provide non-continuous and periodic outside account monitoring for assets not being managed by our firm for consideration in the client's overall financial plan. Portfolio Monitoring provides for no on-going supervision, trading, or discretion with respect to securities transactions. Clients are responsible for placing and executing their own trades, on their own.

### **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing our Comprehensive Wealth Management service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Comprehensive Wealth Management service.

### **Participation in Wrap Fee Programs**

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We do not offer a wrap fee program.

### **Regulatory Assets Under Management**

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As of December 31, 2020, we manage<sup>1</sup> \$286,758,521 of which, \$278,104,900 is managed on a discretionary basis and \$8,653,621 on a non-discretionary basis.

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<sup>1</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. We have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

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## Item 5: Fees & Compensation

### How We Are Compensated for Our Advisory Services

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#### **Comprehensive Wealth Management:**

Fees for our Comprehensive Wealth Management service will be based on an individual fee schedule for cost efficiency. All applicable fee schedules listed in the client agreement will be applied. The maximum annual fee charged for this service will not exceed 1.00%. Our Qualified Plan Asset Management fee, for our Pension Consulting Service, will be billed under the same fee schedules and will not exceed 1.00% for any Plan.

Our firm's fees are billed on a pro-rata annualized basis quarterly in arrears based on the time-weighted daily average value of client account during the previous quarter. Fees may be negotiable depending on the scope of the engagement. Fees will generally be automatically deducted from client's managed account, clients may elect invoice billing. As part of this process, the client is made aware of the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

When Portfolio Monitoring is applicable, those fees will be billed on a pro-rata annualized basis quarterly in arrears based on the value of client account on the last day of the quarter. We will directly bill clients for this service, which is due and payable within thirty (30) days.

#### *Financial Planning & Consulting:*

Financial planning and consulting services are included in Wealth Management Fees for all clients. Clients must opt into these services. Additionally, we may provide ancillary Financial Planning or Consulting services for a flat, hourly, or asset-based fee. The exact terms and conditions of these arrangements shall be spelled out in the executed advisory agreement.

#### *Qualified Plan Asset Management:*

Fees for this service are billed as a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees based on a percentage of managed Plan assets will be billed quarterly in arrears and shall not exceed 1.00%.

#### *Account Monitoring & Reporting*

Where available, we will link outside account with our data aggregation software to provide clients with a wholistic picture of their financial portfolio. For this service we will charge a supplementary fee of 10 basis points of the outside account value.

## **Other Types of Fees & Expenses**

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm executing the trades. Charles Schwab & Co., Inc. ("Schwab") and Interactive Brokers do not charge transaction fees for U.S. listed equities and exchange traded funds. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

## **Termination & Refunds**

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We charge our advisory fees quarterly in arrears. If client wishes to terminate our services, they are to submit a letter stating their intention to cancel the advisory agreement. Upon receipt of client letter of termination, we will proceed to close out client accounts and charge a pro-rata advisory fee(s) for services rendered up to the point of termination.

## **Commissionable Securities Sales**

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We do not sell securities for a commission in our advisory accounts.

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### **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not accept performance-based fees.

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### **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans; and
- Corporations, Limited Liability Companies and/or Other Business Types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum household balance of \$5,000,000 for our Comprehensive Wealth Management service. This requirement may be waived on a case-by-case basis.

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### **Item 8: Method of Analysis, Investment Strategies & Risk of Loss**

Our investment process integrates both quantitative and qualitative elements.

The quantitative process is data-driven. We analyze current performance, back-tested performance, out-of-sample data, regression models, volatility, skew, kurtosis and more to understand how a strategy performs on its own as well as in a portfolio of different assets. We analyze the data to ensure a strategy is fulfilling its mandate and to keep our managers and ourselves accountable. We also look to quantitative research in trade and academic journals to ensure we are on the cutting edge of investing.

The qualitative element of our investing process uses our expert judgment to remain skeptical. We always ask ourselves, “Why did this strategy have success?” and “Will that success persist in the future?” Occasionally we will encounter a strategy whose performance and data is strong, but its rationale is weak. Our qualitative judgment based on our many years of experience helps us parse through conflicting information.

Once strategies have passed our quantitative and qualitative screens, we analyze the investment options available e.g. individual securities, institutional mutual funds, ETFs etc. We carefully weigh the various pros and cons of the investment solution. We also analyze the tax costs of the product to identify whether it is more appropriate in taxable or tax-deferred accounts. Identifying every client’s unique tax situation and by strategically placing suitable investments in their accounts helps increase after-tax investment returns.

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## **Risk of Loss**

Investors should be aware that all investing involves risk at some level. There is a myriad of investment risk levels ranging from conservative short-term highly rated U.S. Treasury bonds to volatile emerging-market stocks. Even when diversified portfolios are built using well-thought-out combinations, investment risk persists.

Interval funds can expose investors to liquidity risk, and that risk is greater in funds that invest in securities of companies with smaller market capitalizations, derivatives or securities with substantial market and/or credit risk. Even though interval funds make periodic offers to repurchase a portion of outstanding shares, investors should consider interval fund shares to be an illiquid investment. There is no guarantee that investors will be able to sell interval fund shares at any given time or in the quantity that they desire. The price that shareholders will receive on a repurchase will be based on the per share NAV determined as of a specified date. This date will occur sometime after the close of business on the date that shareholders must submit their acceptances of the repurchase offer so investor may not know the exact price they will receive for their redemption when effecting the transaction. Additionally, this price may be subject to a redemption fee that further erodes the value of the position upon redemption.

Our firm may purchase securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase securities without selling other holdings. Margin accounts and transactions are risky and not necessarily appropriate for every client. It should be noted that our firm bills advisory fees on securities purchased on margin which creates a financial incentive for us to utilize margin in client accounts.

The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call; and (5) custodians charge interest on margin balances which will reduce your returns over time.

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## **Cash Management**

We generally invest client’s cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to

achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management, as applicable.

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### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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### **Item 10: Other Financial Industry Activities & Affiliations**

Our firm has no other financial industry activities and affiliations to disclose.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

the same securities within 24 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request. Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

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## **Item 12: Brokerage Practices**

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### **Selecting a Brokerage Firm**

#### **Custodian & Brokers Used**

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), or Interactive Brokers, LLC "Interactive" FINRA-registered broker-dealers, members SIPC, as the qualified custodians (collectively "Custodians"). Our firm is independently owned and operated, and not affiliated with the Custodians. Custodians will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use these Custodians as custodian/broker, clients will decide whether to do so and open an account with Custodians by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained with Custodians, our firm can still use other brokers to execute trades, as described in the next paragraph.

#### **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see "*Products & Services Available from Schwab*")

## **Custody & Brokerage Costs**

Custodians generally do not charge a separate fee for custody services, but are compensated by charging commissions or other fees to clients on trades that are executed or that settle into the account. In addition to commissions, Custodians charge a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has chosen the custodial platform to execute most trades for the accounts.

## **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab’s products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab’s support services:

### **Services that Benefit Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab’s services described in this paragraph generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab’s and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients’ accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events

- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

### **Client Brokerage Commissions**

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We do not acquire client brokerage commissions (or markups or markdowns).

### **Procedures to Direct Client Transactions in Return for Soft Dollars**

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We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

### **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

## **Directed Brokerage**

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We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of Schwab and Interactive Brokers. Each client will be required to establish their account(s) with Schwab if not already done. We will occasionally direct certain bond trades to outside dealers when doing so will result in more favorable execution for our clients on a case by case basis.

## **Permissibility of Client-Directed Brokerage**

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We allow clients to direct brokerage outside our recommendation. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

## **Special Considerations for ERISA Clients**

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A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Aggregation of Purchase or Sale**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm ("block trade"). When such block trades occur, the objective is to execute trades in a manner which is deemed equitable to the accounts involved when we believe that to do so will be in the best interest of the effected accounts.

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## **Item 13: Review of Accounts or Financial Plans**

We review accounts on at least a quarterly basis for our clients subscribing to our Comprehensive Wealth Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Clients will receive performance reports on a quarterly basis. Clients will also receive a financial plan as a part of our Comprehensive Wealth Management service. Financial Plans will be reviewed and updated as things change in the client's circumstances. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to this service.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

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## Item 14: Client Referrals & Other Compensation

### Charles Schwab & Co., Inc. / Interactive Brokers LLC

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We receive an economic benefit from Schwab and from Interactive in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab and Interactive. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's and Interactive's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

While we recommend that you use Schwab or Interactive as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, we will facilitate the process. Even though your account is maintained at Schwab or Interactive, we can still use other brokers to execute trades for your account.

### Referral Fees

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Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

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## Item 15: Custody

Our firm does not have custody of client funds or securities (except in the limited case of Standing Letters of Authorization as described below). All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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## **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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## **Item 17: Voting Client Securities**

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. Our firm is required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

Our firm considers proxy voting an important right of our clients as shareholders and believe that reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When our firm has discretion to vote the proxies of our clients, our firm will vote those proxies in the client's best interests and in accordance with these policies and procedures or abstain if we determine the issue non-material to our client's interests. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, Gene Dongieux, by phone at 805-456-4900 or email at [gene@ariadnewealth.com](mailto:gene@ariadnewealth.com).

### **Policy for Voting Proxies**

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Our firm votes client proxies when authorized to do so in writing by a client. Our firm understands our duty to vote client proxies and to do so in the best interest of our clients. Furthermore, it is understood that any material conflicts between our interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. Our firm subscribes to a proxy monitor and voting agent service offered by Broadridge Investor Communication Solutions, Inc. ("Broadridge"), which includes access to proxy analyses with research and vote recommendations from Glass, Lewis & Co. ("Glass Lewis"). Our firm will generally vote in accordance with the recommendations of Glass Lewis, but may vote in a different fashion on particular votes if our firm determines that such actions are in the best interest of our clients. Where applicable, our firm will consider any specific voting guidelines designated in writing by a client. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, Gene Dongieux, by phone at 805-456-4900 or email at [gene@ariadnewealth.com](mailto:gene@ariadnewealth.com).

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## **Item 18: Financial Information**

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm has never been the subject of a bankruptcy proceeding.

Our firm has obtained financial assistance by participating in Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA"). PPP is intended to assist our firm with maintaining our business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as operating expenses. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as staff retention and being used for payroll or firm overhead.