

Radnor Financial Advisors, LLC

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ADV Part 2A, Firm Brochure **Dated: November 5, 2021**

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This Brochure provides information about the qualifications and business practices of Radnor Financial Advisors, LLC (the “Registrant”). If you have any questions about the contents of this Brochure, please contact us at (610) 975-0280 or radnor@radnorfinancial.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 Radnor Financial Advisors, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Radnor Financial Advisors, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Since our Annual Amendment filing on March 19, 2021, there has been one material change to this ADV Part 2A, Firm Brochure as follows:

- Item 4.A. has been updated to reflect the Registrant's current ownership structure.

In addition to the above material changes, the Registrant has made disclosure changes, enhancements and additions at Item 4.B. and Item 8 regarding the Registrant's policies and billing practices on cash balances and the margin value in a client's account.

The Registrant's Chief Compliance Officer, Stephanie R. Vermillion, remains available to address any questions that a client or prospective client may have regarding this ADV Part 2A, Firm Brochure.

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Item 4 Advisory Business

- A. Radnor Financial Advisors, LLC (the “Registrant”) is a limited liability company formed on October 30, 2015 in the state of Delaware. The Registrant has been an SEC registered investment adviser since March 14, 2016. On August 31, 2021, CI Private Wealth US LLC, whose parent company is CI Financial Corp., an independent asset and wealth management company in Canada, acquired a majority interest in the Registrant. Mr. Michael N. Mattise is the Registrant’s President and Chief Investment Officer and Ms. Stephanie R. Vermillion is the Registrant’s Chief Compliance Officer and Chief Operations Officer. Additionally, the Registrant’s partners, Mr. Mattise, Ms. Vermillion, Mr. Carl M. Rosenfield, Ms. Casey Z. Shure, Mr. Justin M. Spike and Mr. Brian J. Jacobs, continue to own a minority interest in the Registrant.

B.

WEALTH MANAGEMENT SERVICES

The Registrant provides discretionary and non-discretionary investment advisory services on a *fee-only* basis. Before engaging the Registrant to provide wealth management services, clients are required to enter into a Wealth Management Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of client assets placed under Registrant’s management.

Registrant’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant 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, or according to the terms and conditions of a stand-alone Financial Planning and Consulting Agreement as described below.

The Registrant offers wealth management services tailored to the needs of each client. Before providing wealth management services, an investment adviser representative will ascertain each client’s investment objectives. Then, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives and may periodically rebalance and execute transactions for the account based upon such reviews.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may provide financial planning and/or consulting services on a stand-alone separate fee basis. Registrant’s financial planning advice may include, among other things, oral advice, written analyses and reports, and computer generated analyses and reports on the types of investments which are compatible with the client’s personal investment constraints and objectives, and personal and family circumstances and obligations; on specific investments and investment products, including financial assets and real assets; on income taxes and tax planning; on personal and business insurance; on qualified benefit plans and non-qualified benefit plans; on estate taxes and estate planning; on personal and

business cash flow management and budgeting; the acquisition and disposition of business interests; and on other personal and business financial planning and tax issues.

Before engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

FINANCIAL PLANNING FOR CORPORATE EXECUTIVES

Financial planning is also offered as "packaged" consulting service for corporate executives. Under this arrangement, a fixed fee for specific consulting projections within specific time parameters is established. Registrant's financial planning and consulting fees are negotiable.

COMPREHENSIVE REPORTING

Registrant may also provide comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Registrant (the "Excluded Assets"). Should the client receive such reporting services, the client acknowledges and understands that with respect to the Excluded Assets, Registrant's service is limited to reporting services only and does not include investment management, review, or monitoring services, nor investment recommendations or advice. As such, the client, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. In the event the client desires that Registrant provide investment management services with respect to the Excluded Assets, the client may engage Registrant to do so for a separate and additional fee pursuant to the terms and conditions of a Wealth Management Agreement between Registrant and the client.

TAX PREPARATION SERVICES

To the extent requested by the client, the Registrant may determine to provide preparation services on a stand-alone separate fee basis. Registrant's tax preparation fee generally ranges from \$500 - \$25,000 depending upon the level and scope of the tax return.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation

Services. As indicated above, to the extent requested by a client, Registrant will generally provide financial planning and related consulting services inclusive of its advisory fee, as set forth in Item 5 below (exceptions may occur based upon assets under management, special projects, etc. for which Registrant may charge a separate fee).

Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan unless they have agreed to do so in writing. The Registrant does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired.

The Registrant does not serve as an attorney, accountant or insurance agent, and no portion of our services should be construed as legal, accounting or insurance services. Accordingly, the Registrant does not prepare estate planning documents, nor does it sell insurance products.

Although Registrant may provide tax preparation services for certain of its clients and certain of Registrant's Principals, in their separate individual capacities, may be (may have been) licensed as certified public accountants, no corresponding CPA-client relationship is established.

To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant and/or its representatives.

If the client engages any unaffiliated professional (i.e. attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided.

The recommendation that a client engage a Firm representative in his/her individual capacity as a certified public accountant presents a conflict of interest, since the Registrant and/or its representative(s) will derive an economic benefit from such engagement.

Retirement Rollovers-Potential for Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

Affiliated Private Investment Funds. The Registrant previously recommended (but does not currently recommend), on a non-discretionary basis, that qualified clients allocate a portion of their investment assets in a private investment partnership formed by the Registrant (the “Partnership”). The Partnership has been closed to new investors since 2008. The purpose of the Partnership is to pool funds for the purpose of gaining access to investment opportunities that might otherwise be unavailable to the Registrant’s clients. The Registrant provides due diligence and administrative services to the Partnership. The terms and conditions for participation in the Partnership, including management fees, conflicts of interest, and risk factors, are set forth in each Partnership’s offering documents.

Unaffiliated Private Investment Funds. The Registrant may provide investment advice regarding unaffiliated private investment funds. Registrant, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant’s role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of Registrant calculating its investment advisory fee. Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private Investment Fund Risk Factors

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

Valuation

In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. The current value(s) of an investor’s fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, the client’s advisory fee shall be based upon the value reflected on the report.

Impact Wealth Strategies. For those clients who desire, we will design a portfolio that better aligns your investments and values by utilizing investments that consider environmental, social and governance issues (ESG) in the portfolio construction.

Limitations of ESG Investing. Certain clients may desire to invest all, or a portion, of their investment portfolio in ESG investments. The number of the investments with a specific ESG focus are substantially few when compared to those that do not maintain such a mandate. ESG focused investments could underperform broad market indices. The Client is under no obligation to invest any portion of their portfolio in ESG focused investments. The Client must accept the above limitations regarding the investments, including potential for underperformance.

Structured Notes. The Registrant may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. In the event that a client has any questions regarding the purchase of structured notes for their account the Registrant's Chief Investment Officer, Michael N. Mattise, remains available to address them.

Independent Managers. Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets according to the terms and conditions of a separate agreement executed between the client and the Independent Manager(s). Registrant will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment advisory fees charged by the designated Independent Manager(s), together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, Registrant's ongoing investment advisory fee, which will be disclosed to the client at the point of entering into the Independent Manager engagement.

Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services.

DFA Mutual Funds: Registrant utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Therefore, if the client was to terminate Registrant's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply.

Interval Fund Liquidity Constraints. Registrant may utilize certain mutual funds and/or exchange traded funds that provide for limited liquidity, generally on a quarterly basis (an "Interval Fund"). Therefore, if we determined that the Interval Fund was no longer performing or if you ever determined to transfer your account, the Interval Fund may not be able to be sold or transferred immediately. Rather, sale or transfer may need to wait until the quarterly permitted sale date, or longer. Moreover, the eventual net asset value for the Interval Fund could be substantially different (positive or negative) than the Interval Fund

value on the date that the sale was requested. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Registrant, in writing, not to employ any or all such strategies for the client's account.

Non-Discretionary Service Limitations. Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

- **Please Note: Cash Positions.** Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Stephanie R. Vermillion, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**
- **Margin Accounts: Risks/Conflict of Interest.** Registrant **does not** recommend the use of margin for investment purposes. A *margin account* is a brokerage *account* that allows investors to borrow money to buy securities. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the client is employing leverage that will magnify both account gains and losses. Should a client determine to use margin, Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Registrant's fee shall be based upon a higher margined account value, resulting in Registrant earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since Registrant may have an economic disincentive to recommend that the client terminate the use of margin. **Please Note:** The use of margin can cause significant adverse financial

consequences in the event of a market correction. ANY QUESTIONS: Our Chief Compliance Officer, Stephanie R. Vermillion, remains available to address any questions that a client or prospective client may have regarding the use of margin.

ByAllAccounts and the eMoney Advisor Platform. The Registrant, in conjunction with the services provided by ByAllAccounts, Inc., or an online platform hosted by “eMoney Advisor” (“eMoney”) may also provide periodic comprehensive reporting services (See Item 4.A above) which can incorporate all of the client’s investment assets, including those investment assets that are not part of the assets managed by Registrant (the “Excluded Assets”). The client and/or their other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets.

Unless otherwise specifically agreed to, in writing, Registrant’s service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Registrant is specifically engaged to monitor and/or allocate the assets within the client’s 401(k) account maintained away at the custodian directed by the client’s employer. As such, except with respect to the client’s 401(k) account (if applicable), Registrant does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client’s designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets.

If Registrant is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Registrant provide investment management services for the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between Registrant and the client.

Client Obligations. In performing our services, Registrant shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, it remains each client’s responsibility to promptly notify Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising our previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant’s written Brochure and Client Relationship Summary as set forth on Part 2 of Form ADV and Form CRS, respectively, shall be provided to each client prior to, or contemporaneously with, the execution of the Wealth Management Agreement or Financial Planning and Consulting Agreement.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on the Registrant’s services.
- D. The Registrant does not participate in a wrap fee program.

- E. As of December 31, 2020, the Registrant had \$2,315,657,966 in assets under management on a discretionary basis and \$16,114,690 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

The Registrant's annual investment advisory fee is negotiable, but is generally based upon a percentage (%) of the market value and type of assets placed under the Registrant's management as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$2,000,000	1.00%
Next \$1,000,000	0.80%
Next \$1,000,000	0.70%
Next \$1,000,000	0.60%
Next \$5,000,000	0.50%
Next \$5,000,000	0.40%
Over \$15,000,000	Negotiable

The Registrant generally requires an annual minimum fee of \$10,000 for investment advisory services. If a client maintains less than \$1 million of assets under Registrant's management, and is subject to the \$10,000 annual minimum fee, the client will pay a higher percentage annual fee than the 1.00% referenced in the above fee schedule.

The Registrant's investment advisory fee is negotiable at its discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

Registrant's planning and consulting fees are negotiable, but generally range from \$200 to \$1,000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

FINANCIAL PLANNING FOR CORPORATE EXECUTIVES

Registrant's fees for its "packaged" financial planning and consulting services are negotiable, but generally range from \$7,500 to \$50,000 on a fixed fee basis, depending upon the level and scope of the services(s) required and the professional(s) rendering the service(s).

TAX PREPARATION SERVICES

Registrant's tax preparation fee generally ranges from \$500 - \$25,000 depending upon the level and scope of the tax return.

Fees are Negotiable

The Registrant uses the above fee schedule and fee ranges as guidelines for its services. All fees are negotiable. The basis for negotiation may include several factors, such as: the relationship with the corporate organization, the complexity of the compensation package, the complexity of the client's financial affairs, other professional advisors such as Certified Public Accountants and attorneys within the client's team of advisors; the degree of sophistication of the client and prior experience with financial planning principles in practice. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Wealth Management Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures.

In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The Registrant relies on Orion, a third party service provider, to calculate client fees. Due to differences in how Orion determines the value of client accounts, our billing calculations may be based on an account value that is either higher or lower than appears in a client's custodial statement. The Registrant believes these differences are immaterial.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. an SEC-registered and FINRA/SIPC member broker-dealer ("Schwab"), TD Ameritrade Institutional, a division of TD Ameritrade, Inc., an SEC-registered and FINRA/SIPC member broker-dealer ("Ameritrade"), Fidelity Investments, an SEC-registered and FINRA/SIPC member broker-dealer ("Fidelity"), TIAA Individual and Institutional Services, LLC, an SEC-registered and FINRA member broker-dealer ("TIAA") and/or Vanguard Marketing Corporation, an SEC-registered and FINRA member broker-dealer ("Vanguard") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab, Ameritrade, Fidelity, TIAA and Vanguard charge brokerage commissions and/or transaction fees for effecting certain securities transactions.

In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded

fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The Wealth Management Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Wealth Management Agreement. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing period.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients currently include individuals, high net worth individuals, trusts and estates.

Registrant generally requires an annual minimum fee of \$10,000 for investment advisory services. However, the Registrant, in its sole discretion, may waive or modify its minimum annual fee, charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, Registrant employees and family members, courtesy accounts, competition, negotiations with client, etc.).

As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

- A. The Registrant blends a client's personal investment philosophy with the Registrant's investment approach to design a portfolio with which the client will be comfortable, but which also will achieve the client's goals and objectives. The Registrant's approach is a multi-asset, multi-manager investment process. It is based on asset allocation,

diversification within asset classes, selection of individual managers (and their benchmarks), and continuous portfolio monitoring and management.

Investment implementation is enacted through a variety of vehicles, but primarily mutual funds and exchange traded funds. Each client receives a written Investment Policy Statement, which sets forth a recommended target allocation and acceptable allocation range.

Modern Portfolio Theory suggests that the overwhelming determinant of an investment strategy's variability (risk) over time is how assets are divided among the major asset classes. The major asset classes are cash, bonds, stocks, and real estate. A well-designed portfolio can include each of these asset classes, depending upon goals and objectives. Since each asset class has different risk and return characteristics, combining them in a portfolio provides greater stability. Because diversification can lower risk, it allows for the inclusion of asset classes that alone would be more volatile (such as small-cap stocks) but that as part of a diversified portfolio can provide the potential for higher returns.

The Investment Policy Statement provides for investment in asset classes which the Registrant believes will provide an attractive combination of risk, return and correlation over the long-term (based on fundamental analysis of historical data using software such as Dimensional Returns, Morningstar, and Zephyr). The investment advice is based on long-term investment strategies which incorporate the principles of Modern Portfolio Theory.

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. The Registrant's investment strategy is primarily based on establishing a long-term target asset allocation and slightly overweighting or underweighting assets to reflect intermediate-term market expectations (based primarily on fundamental mean-reversion expectations).

While stocks should outperform cash and bonds over the long-term, the return from stocks is more volatile. To moderate this volatility, investors can include lower-risk investments such as bonds. Bonds have historically tended to experience less market fluctuation than stocks, but with lower returns.

The Registrant believes portfolio management is a continuous process, requiring ongoing monitoring and reevaluation. The most important aspect of the continuity is the rebalancing and repositioning of the investment portfolio. The Registrant believes periodic rebalancing provides the discipline of selling a portion of the investments that have performed well and adding to the investments that have not performed as well, with the long-term expectation that each asset class will go through cycles where they over perform and underperform.

- C. The Registrant primarily allocates client investment assets among open end stock and bond mutual funds and exchange traded funds on a discretionary or non-discretionary basis in

accordance with the client's designated investment objectives and Investment Policy Statement. All investments have the potential to realize loss or principal.

Client portfolios may also include individual bonds via a separate account. While there are advantages to holding individual bonds (primarily the ability to hold until maturity), it also entails greater individual security risk and greater liquidity risk.

Client portfolios may also include structured notes (buffered return enhanced notes), with returns generally based upon broad indices such as the S&P 500 Index or the Russell 2000 Index. The intent is to provide attractive return potential with some buffer providing downside protection. However, in addition to the underlying index investment risk, structured notes also have counterparty risk through the issuing bank and are generally less liquid than traditional investments.

For accredited clients, portfolios may include limited partnerships or registered funds that invest in hedge funds. While the object of utilizing hedge funds is to generate attractive returns with more moderate volatility than traditional equities, hedge funds have the potential to lose principal and have less liquidity than traditional stock and bond investments.

For qualified clients, portfolios may include limited partnerships that invest in real estate. Investment in real estate has the potential to lose principal and is generally illiquid.

For qualified clients, portfolios may include limited partnerships that invest in private equity. Private equity investments can exhibit volatility greater than public equity markets, and also have illiquidity risk.

For qualified clients, portfolios may include limited partnerships that invest in private debt.

For clients who desire, we may design a portfolio that better aligns your investments and values by utilizing investments that consider ESG issues in the portfolio construction. The number of the investments with a specific ESG focus are substantially few when compared to those that do not maintain such a mandate. ESG focused investments may underperform against broad market indices.

The Registrant recognizes that all investments pose certain risks in exchange for potential return, such as the following:

- **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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

- **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.
- **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.
- **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' 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.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- Advisory Board Relationships**. Registrant's Managing Partner, President, and Chief Investment Officer Michael N. Mattise, currently serves on the PIMCO RIA Advisory Board and previously served on the TIAA Advisor Board and Schwab Advisor Services Advisory Board. Through service on these boards, Mr. Mattise received or receives gratis or discounted travel, lodging, meals and other incidental expenses incurred in attending board events.

Conflicts of Interest. The advisory board relationships described above present conflicts of interest because they may incentivize Registrant or its representatives to recommend that clients utilize the services of Schwab, or TIAA; or invest in PIMCO. However, none of the advisory board relationships are or were material when determining whether to recommend that a client utilize the services of Schwab, or TIAA; or invest in PIMCO.

- The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. As disclosed above, Registrant has a financial interest in the Partnership. Registrant, on a non-discretionary basis, has recommended that qualified clients consider allocating a portion of their investment assets to the Partnership. The Partnership is closed to new investors. The terms and conditions for participation in the Partnership, including management fees, conflicts of interest, and risk factors, are set forth in the Partnership's offering documents.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's employees. The Registrant's securities transaction policy requires that an employee of the Registrant must provide the Chief Compliance Officer with a written report of their current securities holdings within ten (10) days after becoming an employee. Additionally, each employee must provide the Chief Compliance Officer with a written report of the employee's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one employee, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally

recommends that investment management accounts be maintained at Schwab, Ameritrade, Fidelity, TIAA and/or Vanguard. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Wealth Management Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Schwab, Ameritrade, Fidelity, TIAA and/or Vanguard (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from Schwab, Ameritrade, Fidelity, TIAA and/or Vanguard (or another broker-dealer/custodian investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant 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 or gratis consulting services, discounted and/or gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

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

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab, Ameritrade, Fidelity, TIAA and/or Vanguard as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab, Ameritrade, Fidelity, TIAA and/or Vanguard 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 a result of the above arrangement.

2. The Registrant does not receive referrals from broker-dealers.

3. Directed Brokerage.

The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

The Registrant’s Chief Compliance Officer, Stephanie R. Vermillion, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant’s Principals and/or representatives. All investment supervisory clients are advised that it remains their

responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receives economic benefits from Schwab, Ameritrade, Fidelity, TIAA and/or Vanguard including support services and/or products without cost or at a discount. There is no corresponding commitment made by the Registrant to Schwab, Ameritrade, Fidelity, TIAA and/or Vanguard 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 a result of the above arrangement.

The Registrant's Chief Compliance Officer, Stephanie R. Vermillion, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

The Registrant engages in other practices and services on behalf of its clients that require disclosure at ADV Part 1, Item 9. Some of those practices and services (affiliated private funds) subject the affected account(s) to an annual surprise CPA examination in

accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

In addition, certain clients have signed asset transfer authorizations which permit the qualified custodian to rely upon instructions from the Registrant to transfer client funds to “third parties.” These arrangements are also reflected at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC’s February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

The Registrant’s Chief Compliance Officer, Stephanie Vermillion, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client’s account, the client shall be required to execute a Wealth Management Agreement, naming the Registrant as the client’s attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client’s name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant’s discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant’s use of margin, etc.).

Item 17 Voting Client Securities

- A. Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies for mutual funds only (It is the responsibility of clients to vote proxies for stocks.) (However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant’s fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not be limited to, include a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees, executive and director compensation and a company’s ESG practices that may have a significant effect on the value of the company. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy

voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Stephanie R. Vermillion.

- B. As set forth in Item 17.A above, the Registrant (with the exception of individual stock) is responsible for voting client proxies. For those clients that the Registrant does not vote client proxies, clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not require or solicits fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

The Registrant's Chief Compliance Officer, Stephanie R. Vermillion, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.