



**FORM ADV PART 2A – FIRM BROCHURE**  
**MARCH 24, 2022**

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This brochure provides information about the qualifications and business practices of Tillman Hartley LLC ("Tillman Hartley"). If you have any questions about the contents of this brochure, please contact us at (352) 335-9015. 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. Tillman Hartley is a Registered Investment Advisor. Registration as an Investment Advisor with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Tillman Hartley is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a IARD number. The IARD number for Tillman Hartley is 109479.

## ITEM 2 – MATERIAL CHANGES

### **SUMMARY OF MATERIAL CHANGES**

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Tillman Hartley LLC has not had any material changes to its Firm Brochure since it published its last annual Firm Brochure dated March 15, 2021.

Whenever you would like to receive a copy of our Firm Brochure (Part 2A of Form ADV), please contact us by telephone at: (352) 335-9015 or by email at: [info@tillmanhartley.com](mailto:info@tillmanhartley.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Tillman Hartley LLC (“Tillman Hartley” or “Firm”). It discloses information about our services and how those services are made available to you, the client.

We are an investment management Firm located in Nashville, TN. Tillman Hartley provides personalized, confidential financial planning, and investment management to individuals, plans, trusts, estates, charitable organizations, and small businesses. Our Firm was founded in 1999 as a registered investment advisor and is owned by Michael G. Tillman, Michael D. Lambert, Gary W. Lutes, Jr., Kevin R. Schwall, and Benjamin R. Cannon.

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### INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

Our Firm manages advisory accounts on a discretionary basis. Advice is provided through consultation with you, the client, and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. Once we have determined your profile and investment plan, we will execute the day-to-day transactions without seeking your prior consent.

We determine your investment objectives, time horizons, risk tolerance, and liquidity needs during our initial discussions. As appropriate, we also review your prior investment history, family composition, and background. Based on your needs, we develop a personal profile, determine the types of investments to be included in your portfolio, and create an Investment Policy Statement (“IPS”). We will use your customized IPS to provide ongoing investment management services. Account supervision is guided by the written IPS and reviewed on at least an annual basis. We primarily allocate client assets among individual stocks, bonds, exchange traded funds (“ETFs”), options, mutual funds, cash, and cash equivalents, all of which are considered asset allocation categories for the client’s investment strategy.

We tailor our advisory services to meet our clients’ needs and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions to refrain from investing in limited amounts of securities. It is the client’s obligation to notify us immediately if circumstances have changed with respect to your goals and/or changes in your personal financial condition.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain capital market and economic risks exist that adversely affect an account’s performance. This could result in capital losses in your account.

Clients may engage us to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, 529 Plans, and assets held in employer-sponsored retirement plans. In these situations, Tillman Hartley directs or recommends allocating client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

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### FAMILY BOARD OF DIRECTORS SERVICES

Tillman Hartley provides Family Board of Directors™ services, which it pioneered and trademarked. Family Board of Directors™ services are recommended when a family’s assets and family-related entities (such as charitable trusts and foundations) reach a complexity level where a team of professionals is helpful. Tillman Hartley arranges a team of professionals who meet (in person or by teleconference) quarterly with the client and invited family members.

For families with total assets over \$40,000,000, Tillman Hartley collects extensive information about the clients family's personal and business interests and develops a comprehensive multi-generational plan to accomplish the client's goals and objectives within the family.

A Family Board of Directors™ is created consisting of clients, family members, other professionals, and Tillman Hartley Partners. The purpose of the Family Board of Directors™ is to maintain and monitor the plans and strategies developed for the client's family. As the governing instruments are formed, Tillman Hartley will monitor these instruments' terms and conditions, including oversight of tax and information return filing. Tillman Hartley provides for the development of an appropriate Investment Policy Statement. Tillman Hartley organizes, implements, and administers the family financial structure in accordance with the family's unique set of values, goals, and objectives. To administer the Family Board of Directors™, Tillman Hartley oversees the establishment of accounts and advisory relationships, monitors these for Investment Policy Statement compliance; establishes appropriate benchmarks for investment performance measurement and provides for adaptation to changing conditions and family objectives; and maintains documents, records, comprehensive financial information, and current information about investment strategies and tax matters.

Through the Wealth Planning process, the Tillman Hartley team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With each family's unique goals and circumstances in mind, the Tillman Hartley team will offer wealth planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and family legacy objectives. Computer modeling is used to test financial and economic strategies.

Our team partners with our client's other advisors (CPA, estate attorney, insurance broker, etc.) to ensure all parties' coordinated effort toward their stated goals. Such services include various reports on specific goals and objectives, general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

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#### **WRAP FEE PROGRAM**

We provide services as part of a Wrap Fee Program. Under our Wrap Fee Program, you will receive investment advisory services, the execution of securities brokerage transactions, custody, and reporting services for a single specified fee. The terms and conditions of a wrap program engagement are more fully discussed in our Wrap Fee Program Brochure.

Our “wrap” fee might be more or less than the fees and commissions charged by other advisory Firms, third-party managers, and brokerage Firms if the services were acquired separately. The factors that bear upon the cost of services are the size of the account, type of transaction, and whether trades are placed through a brokerage Firm other than the custodian resulting in per trade commission being charged.

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#### **SUB-ADVISORY SERVICES**

Tillman Hartley may determine use of a Sub-advisor is appropriate for the strategy of managing a client's account. Tillman Hartley has established relationships with an independent registered investment advisor (“Sub-advisor”) to carry out Sub-advisor services for certain clients deemed appropriate. Tillman Hartley maintains discretionary authority over the client's assets and use of the Sub-advisor. In all cases, the Sub-advisor receives prior approval from Tillman Hartley of all trades made in the client accounts.

Prior to utilizing a Sub-advisor for a portion of a client's portfolio, our Firm will provide the initial due diligence and complete ongoing reviews of the management. In order to assist in the selection of a Sub-

advisor, our Firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

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### **CONSULTING SERVICES**

In consultation engagements, you will be required to select your own investment managers, custodian and/or insurance companies to implement consulting recommendations. If your needs include brokerage and/or other financial services, we will recommend using one of several investment managers, brokers, banks, custodians, insurance companies, or other financial professionals. You must independently evaluate these Firms before opening an account or transacting business, and you have the right to effect business through any Firm you choose.

On more than an occasional basis, Tillman Hartley gives clients advice on matters not involving securities, such as financial planning matters, taxation issues, and trust services that may include estate planning.

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### **ASSETS**

Tillman Hartley classifies assets it manages as Assets Under Management and Assets Under Advisement. As of December 31, 2021, Tillman Hartley managed approximately \$604,891,000 in Discretionary Assets under Management and approximately \$83,323,000 in Assets Under Advisement.

## **ITEM 5 – FEES AND COMPENSATION**

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### **INVESTMENT MANAGEMENT FEES AND COMPENSATION**

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account maintenance activities.

Tillman Hartley offers two fee structures, an All-Inclusive Account (“Wrap Fee”) in which you pay an asset-based fee (“Advisory Fee”) and a Non-Inclusive Account (“Non-Wrap Fee”) in which you pay transaction costs as well as the Advisory Fee. Information regarding Tillman Hartley’s Wrap Fee Account is available in its Wrap Brochure, which will be provided if it’s determined that the Wrap program is recommended based on the client’s best interest also available upon request.

Fees are billed in advance each calendar quarter at 1/4 of the annual rate. The annual rate is usually between 0.35% and 1%. The rate is applied to client assets under management as follows:

- January 1st fee is based on the ending value of assets on September 30th of the previous year
- April 1st fee is based on the ending value of assets on December 31st of the previous year
- July 1st fee is based on the ending value of assets on March 31st of the current year
- October 1st fee is based on the ending value of assets on June 30th of the current year

When the account opens, it is billed on a pro-rata basis on the portion of the calendar quarter billing period remaining. The first two billings are based on the initial client assets under management. Fees are assessed on all assets under management, including securities, cash, and money market balances. Margin account balances are not included in the fee billing. New accounts are billed at the end of the quarter in which assets are transferred based on the quarter-end balance. Other advisors may have higher or lower fees than Tillman Hartley. Dividends or trade date settlements may occur, and our third-party billing software may report a slight difference in account valuation at quarter-end compared to what is reported on your Statement from the Custodian.

Tillman Hartley's fees do not include any management or other fees charged by mutual fund companies. The SEC charges minor transaction fees on certain security sales - these fees are deducted directly from sales proceeds. Tillman Hartley may charge a set minimum fee if the percentage fee on assets is insufficient to cover the scope of the work.

The independent and qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you at least a quarterly basis indicating all the amounts deducted from the account, including our advisory fees. You can elect to be directly billed as an alternative.

In most cases, there are no additional expenses. If extraordinary services are required, a set or hourly fee may be charged and agreed upon in advance.

Either Tillman Hartley or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be prorated to the date of termination for the month in which the cancellation notice was given and refunded.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of the client's death or disability, Tillman Hartley will continue the management of the account until we are notified of the client's death or disability and given alternative instructions by an authorized party.

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#### **FAMILY BOARD OF DIRECTORS FEES**

Family Board of Directors™ Agreement fee is negotiated on a client-by-client basis according to the level of service required. The fee is based on a percentage of the Assets under Management and Assets under Advisement and ranges from 0.35% to 1.0%. Specific billing arrangements are outlined in the Agreement. Tillman Hartley usually shares a portion of the advisory fees with other professionals who serve on the Family Board of Directors™. Fee-sharing is fully disclosed to the client, and all parties sign a signed disclosure agreement. Tillman Hartley does not accept compensation from the sale of securities or other investment products.

The scope of work and fees for a Family Board of Directors™ Agreement is provided to the client in writing prior to the start of the client relationship.

Fee Agreements may not be assigned without client consent.

Either Tillman Hartley or you may terminate the agreement immediately upon written notice to the other party. The management fee will be prorated to the date of termination for the month in which the cancellation notice was given and the refunded.

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#### **SUB-ADVISOR FEES**

As described in Item 4, Tillman Hartley has engaged a Sub-advisor for certain client accounts, if deemed appropriate. Our Firm has entered into a fee-sharing arrangement with the Sub-advisor. These fees are based on a percentage of the management fees collected by Tillman Hartley or negotiated as a flat fee for services. Under such arrangements where our Firm elects to utilize a Sub-advisor, and depending on the contract with our Firm, the total advisory fee will be collected from the custodian by our Firm. This total fee includes our Firm's portion of the investment advisory fee as well as the Sub-advisors' fee. Total fees for clients utilizing a Sub-advisor will not exceed 1.0%. Fees will be charged only after disclosure to the client and with the client's consent. You will receive disclosure of all fees by the Sub-advisor, which include

the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement. Sub-advisor services provided and the method or type of management offered may differ.

You may terminate your relationship in accordance with your Tillman Hartley agreement. Factors involved in the termination of a Sub-advisor may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the Sub-advisor, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the Sub-advisor on our list of approved Sub-advisors.

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**WRAP PROGRAM**

We are the sponsor and manager of the Tillman Hartley Wrap Program (the “Program”), a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm). The fee covers transaction costs or commissions resulting from the management of your accounts, however, most investments trade without transaction fees today, so our payment of these and other incidental custodial related expenses should not be considered a significant factor in determining the relative value of our wrap program. Participants in the Program may pay a higher aggregate fee than if brokerage services are purchased separately. Additional information about the Program is available in Tillman Hartley’s Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm’s Form ADV.

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**CONSULTING FEES**

We provide consulting services for clients who need advice on a limited scope of work. We will negotiate consulting fees with the client. The range of fees for Consulting Services may vary based on the consulting project’s extent and complexity. Fees will be billed as services are rendered. Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination, and any unearned portion of the fee will be refunded to you as described in the Agreement.

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**DISCLOSURE REGARDING INVESTMENT ADVICE & ROLLOVER RECOMMENDATIONS**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

A client or prospect 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) rollover 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). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options



available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Our Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the oversight.

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#### **ADDITIONAL FEES AND EXPENSES**

In addition to the advisory fees paid to our Firm, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively "Financial Institutions"). These additional charges will include securities transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund company or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Tillman Hartley's brokerage practices are described at length in Item 12, below. Further, our Firm does not share in any of these additional fees and expenses outlined above.

Tillman Hartley may include mutual funds and exchange-traded funds ("ETFs") in our investment strategies. Tillman Hartley's policy is to purchase institutional share classes of those mutual funds selected for the client's portfolio. The institutional share class generally has among the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund, and one share class may have a lower expense ratio than another share class. These expenses come from client assets, which could impact the client's account performance. Mutual fund expense ratios are in addition to the Tillman Hartley fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the advisor will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, Tillman Hartley may use them in the client's portfolio and/or convert the existing mutual fund position to the lower-cost share class. Clients who transfer mutual funds into their accounts with Tillman Hartley would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits, or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

The mutual fund and exchange-traded fund companies that choose to participate in your custodian's no transaction fee ("NTF") fund program pay a fee to be included in the NTF program. The fees paid by these companies to participate in the program are ultimately borne by the mutual fund or exchange-traded fund owners, including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size, and the fund's expense ratio versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

#### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Tillman Hartley does not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

## ITEM 7 – TYPES OF CLIENTS

Tillman Hartley offers personalized, confidential financial planning and investment management to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses.

Our Firm maintains a \$500,000 minimum in aggregate investable assets to engage our advisory services.

For the Family Board of Directors™ clients, Tillman Hartley generally imposes a minimum dollar amount of \$40,000,000 of assets under management and advisement.

In certain instances, at the discretion of our Firm, our minimum requirements may be waived.

## ITEM 8 – INVESTMENT STRATEGIES AND RISK OF LOSS

The basic tenets under which this Policy will be managed include the following:

### INVESTMENT STRATEGIES

Modern Portfolio Theory will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns.
- Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security. It is, therefore, unlikely that any portfolio will succeed in consistently “beating the market”.
- The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities.
- Investing for the long term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- For a given risk level, an optimal combination of asset classes will maximize returns. Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole.
- Portfolio risk can be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected. (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another).

### GLOBAL INVESTING

Investing globally helps to minimize overall portfolio risk due to the reduced correlation between economies of the world. Investing globally has been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.

### PREFERENCE FOR EQUITIES

Equities (stocks) offer the potential for higher long-term investment returns than cash or fixed-income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return can increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including declines in value).

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## STRUCTURED STRATEGIES

Picking individual securities and timing the purchase or sale of investments in the attempt to “beat the market” are highly unlikely to increase long-term investment returns; they also can significantly increase costs. Primarily, asset classes will be managed in asset class funds or in separately managed accounts by investment managers selected based on their adherence to specific asset class definitions and the relative costs of obtaining the investments. Fewer asset classes may be used for specific accounts, depending on the amounts in each account.

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## METHODS OF ANALYSIS

Tillman Hartley Wealth Management security analysis is done primarily through inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press, releases and the internet.

We consider future, intrinsic value by reviewing related economic, financial, and other factors. We consider many data points that might affect the security’s value and may determine to overweight or underweight a certain market sector or security based on our assessment of the various data points.

We utilize our model portfolios as a guide to building efficient portfolios for each Client, based upon their risk profile and objectives and the resulting correlation between their needs and each model.

We attempt to mitigate portfolio risk through asset allocation between asset classes. When using cash or the fixed income asset class, we may include:

- Short, intermediate, or long-term US Treasury securities
- Corporate bonds
- Agency bonds
- Municipal bonds

Through Custodial Firms we have access to no-load or load-waived mutual funds. We can also purchase, sell or hold:

- Individual stocks
- Bonds
- ETFs
- UITs
- Mutual Funds
- Other

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## RISK OF LOSS

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments, there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or general declines.

Investors should be aware that accounts are subject to the following risks:

- **MARKET RISK** - Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money, and your investment may be worth more or less upon liquidation.

- **FOREIGN SECURITIES AND CURRENCY RISK** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **CAPITALIZATION RISK** - Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- **INTEREST RATE RISK** - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.
- **CREDIT RISK** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and thus, impact the fund's performance.
- **EXCHANGE-TRADED FUNDS** - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."
- **RESTRICTIONS ON TRANSFERABILITY OF CERTAIN MUTUAL FUNDS** - The mutual funds sponsored by Dimensional Fund - Advisors ("DFA") are generally only available through registered investment advisers. Adviser uses and recommends DFA mutual funds. If a client terminates Advisers' services, they may be unable to transfer their securities to a retail account or to another broker-dealer, and they may be unable to purchase additional shares of those mutual funds they currently own. If they determine to sell their DFA mutual funds, they may be subject to tax consequences.
- **PERFORMANCE OF UNDERLYING MANAGERS** - We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **ALTERNATIVE STRATEGY MUTUAL FUNDS OR ETFs** - We may use certain ETFs and mutual funds in our models and accounts that invest primarily in alternative investments and/or strategies. Investing in these alternative investments and strategies may not be suitable for all our Clients. These include special risks, such as those associated with commodities, real estate, and leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes, and potential ill-liquidity. There are special risks associated with ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values and/or changes in interest rates and price volatility due to the ETF's concentration in the real estate market.
- **CYBERSECURITY RISK** - In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at Tillman Hartley or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or another misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## ITEM 9 – DISCIPLINARY INFORMATION

Neither Tillman Hartley nor its partners have been the subject of or otherwise have any legal, financial, or other “disciplinary” items to report.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Tillman Hartley, nor any of its managers or employees, is a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### OTHER AFFILIATIONS

Tillman Hartley has arrangements that are material to its advisory and its clients with related persons who are a broker-dealer, investment company, another investment advisor, accounting Firm, or law Firm.

Tillman Hartley has a relationship with Michael Tillman, J.D., an estate and charitable tax planning attorney, a member and Manager of Tillman Hartley. Michael Tillman, J.D., drafts legal documentation, and renders legal advice to clients, and frequently collaborates with other law Firms. Tillman Hartley clients are free to select any law Firm to draft legal documents and render legal advice. Clients are under no obligation to retain Michael Tillman, J.D. for their legal services. Services provided by Michael Tillman, J.D., are billed separately according to an engagement letter, and agreed upon by the client.

## ITEM 11 – CODE OF ETHICS

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients, to detect and deter misconduct, educate personnel regarding the Firm’s expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Tillman Hartley, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm’s ethical principles.

We have established the following restrictions in order to ensure our Firm’s fiduciary responsibilities:

- A director, officer, or employee of Tillman Hartley shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of Tillman Hartley shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed regularly, by an appropriate officer/individual of Tillman Hartley.

- We emphasize the client's unrestricted right to decline the implementation of any advice rendered, except in situations where we are granted the discretionary authority of the client's account.
- We require that all supervised employees act according to all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Ben Cannon, Chief Compliance Officer.

## ITEM 12 – BROKERAGE PRACTICES

Tillman Hartley generally recommends that clients utilize the custody, brokerage, and clearing services of Fidelity Institutional Wealth Services (“Fidelity”) and Charles Schwab & Co., Inc. Advisor Services (“Schwab”), (the “Custodians”), for servicing investment management accounts. Our Custodians are independent and unaffiliated FINRA-registered broker-dealers. We may recommend that you establish accounts with these custodians to maintain custody of your assets and to effect trades for your accounts. Some of our custodians' products, services, and other benefits may benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these custodians may be based in part on benefits they provide us and not solely on the nature, cost, or quality of custody and execution services provided by the custodian.

Our recommendation of Custodians is generally based on the broker's cost and fees, skills, reputation, dependability, and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers. The value of products, research, and services given to us is not a factor in determining broker/dealer selection or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek the best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers. The value of products, research, and services given to us is not a factor in determining broker/dealer selection or the reasonableness of their commissions. The custodian's execution quality may be different from other broker-dealers.

The custodian we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case. Some of these other products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information, and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping, and reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. The custodians also make available to us other services intended to help us manage and further develop its business enterprise. These services may include consulting, publications, and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange, and/or pay for these services rendered to us by third parties. The custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of

custody and brokerage services provided by the custodian, which may create a conflict of interest. Our Firm and its employees endeavor to put our clients' interest first as a part of their fiduciary duty.

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**BROKERAGE FOR CLIENT REFERRALS**

Tillman Hartley Family Office does not receive client referrals from any custodian or third-party in exchange for using that custodian or third party.

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**TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, our policy is to correct trade errors in a manner that is in the client's best interest. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole, and we would absorb any loss resulting from the trade error if the Firm caused the error. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

We do not routinely recommend, request, or require that clients direct us to execute the transaction through a specified custodian. Additionally, we typically do not permit clients to direct brokerage. We place trades for client accounts subject to our duty to seek best execution and other fiduciary duties. As a matter of policy and practice, we do not utilize research, research-related products, and other services obtained from broker-dealers, custodians, or third parties, on a soft dollar basis.

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**ITEM 13 – REVIEW OF ACCOUNTS**

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**ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

The Firm monitors your portfolio on a continuous and ongoing basis, while regular account reviews are conducted on at least a quarterly basis. More frequent reviews occur but are not necessarily communicated to you unless immediate changes are recommended. Such reviews are conducted by the Firm's Investment Committee and/or investment advisor representatives and are intended to fulfill the Firm's fiduciary obligations to their advisory clients. All advisory clients are encouraged to discuss their needs, goals, and objectives with Tillman Hartley and keep the Firm informed of any changes thereto. Tillman Hartley contacts ongoing investment advisory clients at least quarterly to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial and/or investment objectives. At that time, or more frequently if there are contributions or withdrawals from the account, rebalancing is considered. Annually the Investment Policy Statement is reviewed and the portfolio re-engineered if warranted.

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**STATEMENTS AND REPORTS**

You are provided with transaction confirmation notices and regular summary account statements directly from the Custodians where your assets are custodied. From time-to-time or as otherwise requested, you may also receive written or electronic reports from the Firm and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or

account performance. You are encouraged to compare the account statements received from your custodian with any documents or reports you receive from our Firm or an outside service provider.

#### ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Tillman Hartley has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. Tillman Hartley does little advertising. In lieu of advertising, the Firm may compensate referring parties for these referrals with full disclosure to the client in accordance with Rule 206 (4)-3 of the Investment Advisors Act of 1940. This arrangement will not result in higher costs to the client. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisors Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our Firm will be given full written disclosure describing the terms and fee arrangements between our Firm and Solicitor(s). The solicitor will not provide clients any investment advice on behalf of Tillman Hartley.

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

Tillman Hartley subscribes to research and other web-based services published by Dimensional Fund Advisors. Dimensional Fund Advisors does not charge a subscription fee for its services; however, its model portfolios may include recommendations for investment products offered or managed by Dimensional Fund Advisors. Tillman Hartley representatives may attend user conferences sponsored by Dimensional Fund Advisors and have access to consultants for which it does not charge. Because Dimensional Fund Advisors affiliates earn revenue from investments in its respective investment products, it does not charge Tillman Hartley fees for these services. These discounts create a conflict of interest for the Advisor.

#### ITEM 15 – CUSTODY

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

Tillman Hartley is deemed to have custody of clients' funds due to the following arrangements:

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##### **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from Tillman Hartley. When the client has questions about their account statements or fee deductions, the client should contact Tillman Hartley or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisor fees.



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**STANDING LETTERS OF AUTHORIZATION (“SLOA”)**

Our Firm is deemed to have custody of clients’ funds or securities when clients have standing authorizations with their custodian to move money from a client’s account to a third-party (“SLOA”) and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s) are delivered directly from the qualified custodian to each client or the client’s independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from us. When the client has questions about their account statements, the client should contact us, the client’s Advisor or the qualified custodian preparing the statement.

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**SERVING AS CO-TRUSTEE**

Tillman Hartley does not act as a custodian of client assets, with the exception of accounts held by trusts where Michael Tillman or Kevin Schwall serve as co-trustee. This is an exception to the Firm's custody policy. Our Firm has engaged Wolf & Company to conduct an annual audit on trust accounts where Michael Tillman or Kevin Schwall serve as a co-trustee. Michael Tillman and Kevin Schwall have no signatory authority over any client or trust account where they are not serving as co-trustee.

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**ITEM 16 – INVESTMENT DISCRETION**

For discretionary accounts, prior to engaging Tillman Hartley to provide investment advisory services, you will enter into a written Agreement with us granting the Firm the authority to supervise and direct, on an ongoing basis, investments in accordance with the client’s investment objective and guidelines. In addition, you will need to execute additional documents required by the custodian to authorize and enable Tillman Hartley, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange, and trade any stocks, bonds, or other securities or assets (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by Tillman Hartley for you are:

- For discretionary accounts, we require that we be provided with the authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the Investment Advisory Agreement, Appendix B. You may change/amend these limitations as required.

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**ITEM 17 – VOTING YOUR SECURITIES**

As a matter of Firm policy, Tillman Hartley does not vote proxies on your behalf. You, the client, are responsible for voting proxies; however, Tillman Hartley may provide our clients with consulting assistance regarding proxy issues.

When assistance on voting proxies is requested, Tillman Hartley will provide recommendations to you. If a conflict of interest exists, it will be disclosed to you. You may contact our office with questions about a particular solicitation by phone at (352) 335-9015.

**Class Action Suits** A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients. With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents. ‘

## **ITEM 18 – FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.

Tillman Hartley does not have any financial impairment that will preclude the Firm from meeting the contractual commitment to our clients.