

Daniels & Erickson Financial Advisors, LLC

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Form ADV Part 2A Brochure

Daniels & Erickson Financial Advisors, LLC is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Daniels & Erickson Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 750-8985. 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 Daniels & Erickson Financial Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this brochure. We review our brochure at least annually to make sure that it remains current.

On March 3 2022, we submitted our annual updating amendment filing for fiscal year 2021 and have no material changes to report.

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Advisory Business - Item 4

Daniels & Erickson Financial Advisors, LLC (hereinafter “Daniels & Erickson”) is a registered investment adviser based in Dallas, Texas. We are a limited liability company under the laws of the State of Texas. We have been providing investment advisory services since 2002. David Lee Nelson, CPA, CFP®, Donald Clay Daniels, CPA and Jonathan F. Erickson, CPA are the Managing Members of Daniels & Erickson. Michael C. Pendleton, CPA, CFP® is a Member.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**

The following paragraphs describe what we do and what we charge. Each investment advisory service is listed below and describes how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our Firm who is an officer, employee, or an individual providing investment advice on behalf of our Firm. Such persons are properly registered as investment adviser representatives in all required jurisdictions.

Portfolio Management Services

Portfolio management refers to the management of money, including investments. Assets are usually held in what is called a portfolio. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management.

Our Firm offers discretionary and non-discretionary portfolio management services. Discretionary portfolio management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by you in a written agreement. This allows our Firm to decide on specific securities and the quantity of the securities and to place buy or sell orders for your account without obtaining your approval for each transaction. This type of authorization is done using either the investment advisory agreement you sign with our Firm, a limited power of attorney agreement, or trading authorization forms. You may limit this authority by setting a limit on the type of securities that can be purchased for your account. Your restrictions or guidelines must be provided to us in writing.

The non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

Our investment advice is tailored to meet our clients’ needs and investment objectives. If you decide to hire our Firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement a customized asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

Daniels & Erickson mainly uses equity securities, exchange traded funds, mutual funds, corporate securities, municipal securities and U.S. government securities in its portfolio management programs. We may also advise you to invest in various investment related limited partnerships.

However we construct your investment portfolio, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio as changes occur in market conditions, your financial circumstances, or both.

Recommendation of Sub Advisors

As part of our overall portfolio management strategy, we may determine that the use of a sub adviser is in the client's best interest. In such cases, and only if agreed upon by the client, we will use one or more sub-advisors to manage portions of the client's account. All sub-advisors recommended by our firm must either be registered as investment advisors or exempt from registration requirements. These sub-advisors may specialize in traditional or alternative investments. Factors that we take into consideration when making our recommendations include, but are not limited to, the following: the sub-advisor's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the sub-advisor's performance to ensure its management and investment style remains aligned with your investment goals and objectives. We retain the right to hire and fire sub-advisors and the right to reallocate client assets to other model portfolios at the same sub-advisor.

We recommend that you review the statement(s) you receive from the qualified custodian. If you see something that is incorrect, please call our main office number, located on the cover page of this brochure.

Financial Planning Services

We offer broad based financial planning including portfolio allocation reviews, tax planning, charitable gifting strategies, risk and insurance analysis, estate and retirement planning and preparation for life transitions, including family wealth planning. Daniels & Erickson strives to achieve a client's long-term financial goals by implementing a financial planning process that may include any or all of the following steps:

- Assessment of a client's present financial situation by collecting information such as net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements, etc.
- Identification of a client's financial and personal goals and objectives - Goals or objectives may include financing a child's college education or retirement planning. The identified goals or objectives are specific, realistic, and measurable. All goals include time horizons.
- Identification of obstacles to achieving financial goals and determination of resolutions - Examples of problem areas can include too little or too much insurance coverage, inadequate cash flow or a high tax burden.
- Plan Design - A written financial plan is prepared that includes recommendations and solutions to help achieve the client's stated financial goals and objectives.
- Implementation of the financial plan - The financial plan is presented, and if agreed upon, the recommendations and solutions are executed to reach the client's desired goals and objectives.

- Periodic evaluation of the financial plan - As part of our financial planning service, we will provide periodic reviews and potential revisions to the plan to ensure that financial goals are being achieved.

Financial plans are based on your financial situation at the time the plan is presented and the financial information you provide to our Firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

We also provide financial planning services that cover a specific area, such as retirement or estate planning. We offer consultative services where we set an appointment to meet with you for an hourly fee.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage Firm of your choice.

Assets Under Management

As of January 3, 2022, Daniels & Erickson manages discretionary assets under management of approximately \$118,079,541 and non-discretionary assets under management of \$0.

Fees and Compensation - Item 5

Daniels & Erickson charges fees based on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or other fees for its advisory services. At the sole discretion of Daniels & Erickson these fees are negotiable.

Portfolio Management Services

If you decide to engage Daniels & Erickson for portfolio management services, we will charge an annual fee based upon a percentage of the market value of the assets being managed. Our fee for portfolio/asset management services is set forth in the following fee schedule:

<u>Assets Under Management</u>		<u>Annual Fee*</u>
First	\$1,000,000	0.75%
Next	\$1,000,000	0.65%
Next	\$1,000,000	0.50%
Next	\$1,000,000	0.40%
Next	\$1,000,000	0.35%
Over	\$5,000,000	Negotiable

*Other fee payment arrangements may be negotiated on a case by case basis. The exact fee payable by the client will be clearly set forth in the agreement for services signed by the Firm and the client. Fees charged by sub advisers are separate from and in addition to the fees charged by our firm.

Daniels & Erickson allows related accounts to be combined for fee paying purposes. We combine the account valuations to assist you in meeting fee breakpoints and therefore lowering the overall fee level.

Daniels & Erickson extends this option to all accounts residing in the same household and certain members of the same family.

Fees are billed quarterly, in advance, and are based on the value of your portfolio at the end of the preceding quarter. The custodian holding your account will deduct the fees directly from your account. The custodian will usually deduct from a designated account to facilitate billing. The client must consent in advance to direct debiting of their account.

If you choose to have Daniels & Erickson's fee deducted directly from your account, you must provide written authorization. The qualified custodian holding your funds and securities will send you an account statement at least quarterly. This statement will detail account activity. Please review each statement for accuracy. Daniels & Erickson will also receive a copy of your account statements from the custodian.

Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first quarter's fees will be calculated on a pro-rata basis. The Advisory Agreement between Daniels & Erickson and the client will continue in effect until either party terminates the Agreement in accordance with the terms of the Agreement. Daniels & Erickson's annual fee will be pro-rated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

Financial Planning Services

Daniels & Erickson may provide its clients with financial planning and consulting services. Daniels & Erickson will charge an hourly fee of \$300 for financial planning services. The fee is negotiable depending on the nature, complexity, and time involved in providing the client with the requested services. In some cases, the time/cost could potentially exceed the initial estimate. In such cases, the Firm will notify the client and may request that the client approve an additional fee.

In limited circumstances, we may use other fee paying arrangements (i.e., fixed fees). Such arrangements will be clearly set forth in the agreement for services signed by the Firm and the client.

If the client engages Daniels & Erickson for additional investment advisory services, Daniels & Erickson may offset all or a portion of its fees for those services based upon the amount paid for the consulting services.

Prior to engaging Daniels & Erickson to provide consulting services, the client will generally be required to enter into a written agreement with us. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client. Generally, the fee will be payable upon completion of the contracted services. Either party may terminate the agreement by written notice to the other. Refunds do not apply since fees are payable in arrears.

Additional Fees and Expenses

The fees Daniels & Erickson charges may be negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. The fees are charged as described above and are not based on a share of capital gains of the funds of an advisory client.

All fees paid to Daniels & Erickson for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, early redemption fee, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without the services of Daniels & Erickson. In that case, the client would not receive the services provided by Daniels & Erickson which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Daniels & Erickson to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Negotiability of Fees: We allow Associated Persons servicing the account to negotiate the exact investment management fees within the range disclosed in our Form ADV Part 2A Brochure. As a result, the Associated Person servicing your account may charge more or less for the same service than another Associated Person of our firm. Further, our annual investment management fee may be higher than that charged by other investment advisors offering similar services/programs.

Billing on Cash Positions: The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm'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), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

Periods of Portfolio Inactivity: The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm 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, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

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

We and our Associated Persons do not accept performance based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

Types of Clients - Item 7

We offer investment advisory services to individuals, pension and profit sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

Daniels & Erickson requires a minimum of \$1,000,000 to open and maintain an advisory account. At our sole discretion we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company's or a security's true value by looking at all aspects of the business, including both tangible factors (e.g., machinery buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of determining what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.
- Technical Analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – securities held for over a year.
- Short Term Purchases – securities held for less than a year.
- Trading – securities are sold within 30 days.

In addition, sub advisers recommended by us may employ the investment strategies listed below:

- Covered Options – This is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.
- Short Sales – This is the selling of a stock that the seller doesn't own. More specifically, a short sale is the sale of a security that isn't owned by the seller, but that is promised to be delivered.

The investment advice provided along with the strategies suggested by Daniels & Erickson will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

General Investment Risk: All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

Loss of Value: There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

Interest Rate Risk: Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

Credit Risk: Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk: Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Futures and Options: Options and futures contracts on securities carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared." A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. In addition pricing risk if not held to maturity and interest rate move.

Risks Associated with Investing in Mutual Funds: Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

Risks Associated with Investing in Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Management Risk: Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Municipal Securities Risk: The value of municipal obligations can fluctuate over time, and may be affected by adverse political, legislative and tax changes, as well as by financial developments that affect the municipal issuers. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

Alternatives Risk: Non-traded REITs, business development companies, limited partnerships, and direct alternatives are subject to various risks such as liquidity and property devaluation based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees, and expenses may be obtained from your advisor. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternatives investments.

Foreign Securities Risk: Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

Risks Associated with Investing in Private Funds: Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a Client to sell its shares of a private investment company at

an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the Client's investment in these companies.

Illiquid securities: Illiquid securities involve the risk that investments may not be readily sold at the desired time or price. Securities that are illiquid, that are not publicly traded and/or for which no market is currently available may be difficult to purchase or sell, which may impact the price or timing of a transaction. An inability to sell securities can adversely affect an account's value or prevent an account from taking advantage of other investment opportunities. Lack of liquidity may cause the value of investments to decline and illiquid investments may also be difficult to value. A Client may not be able to liquidate investment in the event of an emergency or any other reason.

Concentrated Position Risk: Certain Associated Persons may recommend that clients concentrate account assets in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may, or may be advised to, hold concentrated positions in specific securities. Therefore, at times, an account may, or may be advised to, hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, the account will be subject to greater volatility than a more sector diversified portfolio. Investments in issuers within an industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio will affect the overall value of the portfolio and will cause greater losses than it would in a portfolio that holds more diversified investments.

Preferred Securities Risk: Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issuer's after-tax profits, while bond interest is paid before taxes.

Cybersecurity Risks: Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the

breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

Pandemic Risk: Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.

Certain investment strategies used by our firm may invest in illiquid asset vehicles, such as private equity and real estate. Investment in an illiquid asset vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in an illiquid asset vehicle will be subject to the terms and conditions of the illiquid asset vehicle's investment policy and governing documents which often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc. In addition, investments in illiquid securities or vehicle may normally involve investment in non-marketable securities where there is limited transparency. If obligated to sell an illiquid security prior to an expected maturity date, particularly with an infrastructure investment, they may not be able to realize fair value. Investments in illiquid securities or vehicles may include restrictions on withdrawal rights and shares may not be freely transferable.

Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of legal or disciplinary events by our Firm, our principals or advisory representatives.

Other Financial Industry Activities and Affiliations - Item 10

We are affiliated with Daniels & Erickson P.C., a full service CPA firm providing a wide range of accounting services to individuals and business clients. David Lee Nelson, CPA, CFP®, Donald Clay Daniels, CPA, Jonathan F. Erickson, CPA, and Michael Pendleton, CPA, CFP®, are affiliated with Daniels & Erickson P.C. as shareholders.

These individuals and other employees of Daniels & Erickson P.C. may recommend the Firm to their clients, and conversely Daniels & Erickson P.C. may be recommended to advisory clients of Daniels & Erickson. Clients are instructed that the fees paid to the Firm for advisory services are separate and distinct from fees paid to Daniels & Erickson P.C. for tax services.

Clients to whom the Firm offers advisory services are informed that they are under no obligation to use Daniels & Erickson P.C. for tax services and may use the CPA firm of their choosing. Clay Daniels and Jonathan Erickson spend about 99% of their time and David Nelson and Michael Pendleton spend about 50% of their professional time in their capacities as officers and employees of Daniels & Erickson P.C.

Recommendation of Other Advisers

We may recommend that you use a sub adviser as part of our asset allocation and investment strategy. Daniels & Erickson will not share in the compensation received by the sub adviser for managing your account. You are not required to use the services of any sub adviser we recommend.

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

Description of Our Code of Ethics

Daniels & Erickson has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Daniels & Erickson's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

You can request a copy of our Code of Ethics from David L. Nelson, President/Chief Compliance Officer at our principal office address.

Personal Trading Practices

At times Daniels & Erickson and/or its Advisory Representatives may take positions in the same securities as clients, which may pose a conflict of interest with clients. Daniels & Erickson and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading. Daniels & Erickson and/or its Advisory Representatives may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

Brokerage Practices - Item 12

For Daniels & Erickson's portfolio management programs, we recommend and request clients to implement trades and maintain custody of assets through discount brokers. We recommend the services of Fidelity Brokerage Services, LLC ("Fidelity"), Member FINRA/SIPC. Fidelity is unaffiliated and offers independent investment advisers services, which include custody of client securities, trade execution, clearance, and settlement of transactions, and daily research and investment information.

In selecting a broker dealer based on discretionary authority or in suggesting a broker dealer on behalf of a non-discretionary account, Daniels & Erickson will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience, and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. In addition, Daniels & Erickson may cause the account to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide.

Research and Other Soft Dollar Benefits

Although not considered "soft dollar" compensation, we may receive benefits from Fidelity for research services that include reports, software, and institutional trading support. See the Fidelity disclosure above.

We understand our duty for best execution and consider all factors in making recommendations to you. The research services received from Fidelity may be useful in servicing you. While we may not always obtain the lowest commission rate, we believe the rate is reasonable relative to the value of the brokerage and research services provided.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

Directed Brokerage

The client may direct brokerage to a specified broker-dealer other than the Firm recommended by Daniels & Erickson. It is up to the client to negotiate the commission rate, as Daniels & Erickson will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker-dealer used by Daniels & Erickson. In client directed brokerage arrangements, the client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the client does not otherwise designate a broker-dealer, Daniels & Erickson recommends a broker-dealer with competitive commission rates.

Trade Aggregation

While individual advice is provided to each account, client trades will be executed as a block if the firm has determined that a block trade would be in the client's best interest. Daniels & Erickson encourages its existing and new clients to use Fidelity. Only accounts in the custody of Fidelity would have the opportunity to participate in aggregated securities transactions. All trades using Fidelity will be aggregated and done in the name Daniels & Erickson. The executing broker will be informed that the trades are for the account of Daniels & Erickson's clients and not for Daniels & Erickson itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and Daniels & Erickson will not aggregate a client's order if in a particular instance Daniels & Erickson believes that aggregation would cause the client's cost of execution to be increased. Fidelity will be notified of the amount of each trade for each account. Daniels & Erickson and/or its Advisory Representatives may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

Review of Accounts - Item 13

Portfolio Management Account Reviews

Daniels & Erickson monitors the individual investments within the Firm's portfolio management program on a continuous basis. Portfolio performance is reviewed, at a minimum, on a quarterly basis. Daniels & Erickson offers portfolio management clients an in-person portfolio review meeting on an annual basis or more often upon client request. Factors that trigger a review include, but are not limited to, the review calendar, client availability, significant market corrections, large deposits, or withdrawals from an account, the client's review frequency preference, and the client's request for an additional review.

A financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update the financial plan.

David Lee Nelson, CPA, CFP®, Donald Clay Daniels, CPA, and Michael Pendleton, CPA, CFP®, perform all account reviews and monitor the portfolios for investment objectives and other supervisory matters.

Clients will receive reports and statements directly from their account custodian(s) and/or sub adviser at least quarterly. We may also provide performance reports on an as needed basis.

Client Referrals and Other Compensation - Item 14

Apart from the research we receive from Fidelity (disclosed in the Research and Other Soft Dollar Benefits section above); we do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our clients.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

Custody - Item 15

In accordance with the SEC's no action guidance regarding Investment Adviser Association, dated February 21, 2017, Daniels & Erickson is deemed to have custody because certain clients have given the firm a standing letter of authorization for third party transfers. In lieu of a surprise examination, we will adhere to the safeguards outlined in the above referenced no action guidance.

All client accounts are held with a bank, broker-dealer, or other qualified custodian. Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Clients are urged to review custodial account statements for accuracy. The custodial statement is the official record of your account for tax purposes.

Investment Discretion - Item 16

Daniels & Erickson offers Portfolio Management Services to its advisory clients on both a discretionary and non-discretionary basis. Daniels & Erickson will manage client accounts on a discretionary basis if the client has granted discretionary authority in the client's investment advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance client approval. However, Daniels & Erickson does not have the ability to withdraw funds or securities from the client's account.

You may limit our discretionary authority if you wish by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

In a non-discretionary account, an Associated Person of Daniels & Erickson recommends the purchase or sale of securities for review and approval by their clients. Daniels & Erickson will only purchase or sell securities which have been approved by clients in advance.

Voting Client Securities - Item 17

Proxy Voting

Daniels & Erickson does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about Daniels & Erickson's financial condition. Daniels & Erickson does not require or ask for prepayment of more than \$1,200 in fees per client, six months or more in advance, has no financial commitment that

impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Requirements for State-Registered Advisors - Item 19

This section is intentionally left blank- Our Firm is SEC registered

Miscellaneous

Class Action Lawsuits

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Daniels & Erickson has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the Firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

Trade Error Correction Procedures

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the Firm generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any losses resulting from error correction will be placed in Daniels & Erickson's error correction account. Any gains resulting from error correction will be placed in the client's account.

Confidentiality

Daniels & Erickson views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Daniels & Erickson does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Daniels & Erickson may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Daniels & Erickson restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client.

Daniels & Erickson maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of the Firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. If you have any questions on this policy, please contact David Lee Nelson, President/Chief Compliance Officer at (214) 750-8985.