

# **Mechanical Financial, LLC**

**Part 2 A/B of FORM ADV: Firm Brochure and Supplements**

**Item 1: Cover Page**

**March 4<sup>th</sup>, 2022**

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This brochure provides information about the qualifications and business practices of Mechanical Financial. If you have any questions about the contents of this brochure, please contact us at 916-517-8981 and/or info@mechanicalfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Mechanical Financial, LLC also is available on the SEC's website at

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2. MATERIAL CHANGES

THERE ARE NO MATERIAL CHANGES TO REFERENCE FOR 2022.

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## ITEM 4. ADVISORY BUSINESS

Mechanical Financial, LLC is a recently established registered investment advisor in 2022. Mechanical Financial business focuses on providing a fee-based comprehensive wealth management approach. The firm is committed to providing value-added, wealth-enhancing services to its clients in a cost-effective manner that remains consistent with its philosophy that putting clients' best interest first is Mechanical Financial LLC's priority. Mechanical Financial, LLC provides financial planning, consulting, and investment management services. Mechanical Financial, LLC principal owner is Mark Dyer.

As of December 31, 2021, Mechanical Financial, LLC did not have any assets undermanagement due to 2022 being the first year being registered as a Registered Investment Advisor. Mechanical Financial, LLC plans to manage client investments on a discretionary and non-discretionary basis.

Prior to engaging Mechanical Financial, LLC to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Mechanical Financial, LLC setting forth the terms and conditions under which Mechanical Financial, LLC renders its services (collectively the "Agreement").

This Disclosure Brochure describes the business of Mechanical Financial, LLC. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Mechanical Financial, LLC's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Mechanical Financial, LLC's behalf and is subject to Mechanical Financial, LLC's supervision or control.

### FINANCIAL PLANNING AND CONSULTING SERVICES

Mechanical Financial, LLC provides its clients with a broad range of comprehensive financial planning and consulting services. These services include investment, retirement, tax, estate, education, and insurance planning.

Mechanical Financial, LLC recommends the services of itself, its Supervised Persons and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Mechanical Financial, LLC recommends its own services or those offered by its Supervised Persons. The client is under no obligation to act upon any of the recommendations made by Mechanical Financial, LLC under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Mechanical Financial, LLC itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Mechanical Financial, LLC's recommendations. Clients are advised that it remains their responsibility to promptly notify Mechanical Financial, LLC if there is ever any change in their financial situation or investment objectives for the purpose of

reviewing, evaluating, or revising Mechanical Financial, LLC's previous recommendations and/or services.

## INVESTMENT MANAGEMENT SERVICES

Clients can engage Mechanical Financial, LLC to manage all or a portion of their assets on a discretionary or non-discretionary basis.

### GENERAL

Mechanical Financial, LLC primarily allocates clients' investment management assets among Independent Managers (as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, real estate investment trusts ("REITs"), and/or options as well as the securities components of variable annuities in accordance with the investment objectives of the client. Where appropriate, Mechanical Financial, LLC also provides advice about any type of investment held in clients' portfolios.

Where appropriate, Mechanical Financial, LLC also renders non-discretionary investment management services to clients relative to variable annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products. In so doing, Mechanical Financial, LLC either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Mechanical Financial, LLC tailors its advisory services to the individual needs of clients. Mechanical Financial, LLC consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Mechanical Financial, LLC ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Mechanical Financial, LLC if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Mechanical Financial, LLC's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Mechanical Financial, LLC's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### USE OF INDEPENDENT MANAGERS

As mentioned above, Mechanical Financial, LLC may recommend that certain clients authorize the active management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated

investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between Mechanical Financial, LLC or the client and the designated Independent Managers. Mechanical Financial, LLC renders services to the client relative to the recommendation and oversight of Independent Managers. Mechanical Financial, LLC also monitors and reviews the account performance and the client's investment objectives. Mechanical Financial, LLC receives a monthly advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When recommending an Independent Manager for a client, Mechanical Financial, LLC reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that Mechanical Financial, LLC considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Mechanical Financial, LLC's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Mechanical Financial, LLC, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to Mechanical Financial, LLC's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may maintain billing practices which differ from those of Mechanical Financial, LLC. In such instances, Mechanical Financial, LLC may alter its corresponding billing practices to accommodate those of the Independent Managers. In addition, clients are advised that certain Independent Managers may impose minimum account size and/or minimum asset level requirements.

## RETIREMENT PLAN CONSULTING SERVICES

Mechanical Financial, LLC provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection

- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Mechanical Financial, LLC as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Mechanical Financial, LLC’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## MISCELLANEOUS DISCLOSURES

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

Mechanical Financial, LLC may provide its clients with access to an online platform hosted by “Altriu” (“Altriu”). The Altriu platform allows a client to view their complete asset allocation, holdings, performance excluding those assets that Mechanical Financial, LLC does not manage (the “Excluded Assets”). “Excluded assets can be seen in the financial planning software Mechanical Financial, LLC uses that provides present and future cashflow analysis, the vendor being Right Capital. Although Excluded Assets are included in Right Capital’s software they are not tracked in real time. They are updated when a client provides an official statement from the third-party vendor holding the Excluded Assets. Mechanical Financial, LLC does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, Mechanical Financial, LLC’s service relative to the Excluded Assets is limited to reporting only. Therefore, Mechanical Financial, LLC shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Mechanical Financial, LLC, shall be exclusively responsible for such

investment performance. Without limiting the above, Mechanical Financial, LLC shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage Mechanical Financial, LLC to manage some or all the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Mechanical Financial, LLC and the client. The Altrius platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Mechanical Financial, LLC. Finally, Mechanical Financial, LLC shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the Altrius or Right Capital platform without Mechanical Financial, LLC's assistance or oversight.

**Cash Positions.** Mechanical Financial, LLC may maintain cash and cash equivalent positions (such as money market funds, etc.) for defensive, liquidity, or other purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating Mechanical Financial, LLC's advisory fee.

**Portfolio Activity.** Mechanical Financial, LLC has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Mechanical Financial, LLC 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, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Mechanical Financial, LLC determines that changes to a client's portfolio are neither necessary nor prudent. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Mechanical Financial, LLC will be profitable or equal any specific performance level(s).

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Mechanical Financial, LLC) will be profitable or equal any specific performance level(s).

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

Disclosure Brochure. A copy of the Mechanical Financial, LLC's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of an agreement between the client and Mechanical Financial, LLC

## ITEM 5. FEES AND COMPENSATION

Mechanical Financial, LLC offers its services with an asset-based fee structure, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

### FINANCIAL PLANNING AND CONSULTING FEES

Mechanical Financial, LLC offers a asset-based fee structure. The fee received based on the level of assets includes investment guidance, financial planning, estate planning and education. See the fee grid below:

<u>Assets Under Management</u>	<u>Asset Based Fee</u>
\$30,000 and below	\$10/Month**
\$30,001 - \$100,000	100 Basis Points*
\$100,001 - \$250,000	85 Basis Points*
\$250,001 - \$500,000	70 Basis Points*
\$500,001 - \$1,000,000	60 Basis Points*
\$1,000,000+	Negotiable

**\*All fees are negotiable**

**\*\*In order effectively serve our clients, we have a fee minimum of \$120/year**

Prior to engaging Mechanical Financial, LLC to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Mechanical Financial, LLC setting forth the terms and conditions of the engagement.

### INVESTMENT MANAGEMENT FEE

As seen above, Mechanical Financial, LLC provides full scope of services for an annual fee based upon a percentage of the market value of the assets being managed by Mechanical Financial, LLC. Mechanical Financial, LLC's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Mechanical Financial, LLC does not,



however, receive any portion of these commissions, fees, and costs. In certain circumstances, Mechanical Financial, LLC provides complimentary financial planning services to clients who engage Mechanical Financial, LLC for investment management services.

Mechanical Financial, LLC's asset-based fee is prorated and charged on a monthly basis at the beginning of the month. No fee adjustments are made for account deposits and withdrawals made during a fee period. Mechanical Financial, LLC, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

## RETIREMENT PLAN CONSULTING FEES

Depending on the scope of service, Mechanical Financial, LLC charges will either charge an asset-based or flat fixed fee to provide clients with retirement plan consulting services.

## FEES CHARGED BY FINANCIAL INSTITUTIONS

Mechanical Financial, LLC utilizes the Altrium platform for clients to access account information, including the ability to see account balances, portfolio performance, holdings, tax forms etc. Altrium is a bundled platform where they use Apex Clearing as a custodian for client assets and provide investment research. Concessions assessed by Apex Clearing are theirs only. There is no additional agreement between Mechanical Financial, LLC and Altrium, or Apex Clearing, where Altrium or Apex Clearing share revenues.

Mechanical Financial, LLC may only implement its investment management recommendations after the client has arranged for and furnished Mechanical Financial, LLC with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions recommended by Mechanical Financial, LLC, any broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

In addition to the fees charged by Mechanical Financial, LLC, clients incur certain charges imposed by the Financial Institutions and other third parties such as brokerage commissions and other transaction costs, fees charged by Independent Managers, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), reporting charges, 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.

## FEE DEBIT

Mechanical Financial, LLC's Agreement and the separate agreement with any Financial Institutions generally authorize Mechanical Financial, LLC or Independent Managers to debit the client's account for the amount of Mechanical Financial, LLC's fee and to directly remit that management fee to Mechanical Financial, LLC or the Independent Managers. Any Financial Institutions that serves a qualified custodian on behalf of Mechanical Financial, LLC's clients have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Mechanical Financial, LLC. Alternatively, clients may elect to have Mechanical Financial, LLC send an invoice for payment.

## FEES FOR MANAGEMENT DURING PARTIAL MONTHS OF SERVICE

For the initial period of investment management services, the fees are calculated on a pro rata basis.

The Agreement between Mechanical Financial, LLC and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Mechanical Financial, LLC's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate. There are no margin fees assessed because Mechanical Financial, LLC does not provide access to margin at this time.

Clients may make additions to and withdrawals from their account at any time, subject to Mechanical Financial, LLC's right to terminate an account. Additions may be in cash or securities provided that Mechanical Financial, LLC reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Mechanical Financial, LLC, subject to the usual and customary securities settlement procedures. However, Mechanical Financial, LLC designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. Mechanical Financial, LLC consults with its clients about the options and ramifications of transferring securities as necessary. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a month, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

## ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Mechanical Financial, LLC does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## ITEM 7. TYPES OF CLIENTS

Mechanical Financial, LLC provides its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

## MINIMUM ACCOUNT SIZE AND MINIMUM FEE

Mechanical Financial, LLC does not impose a minimum account size or minimum annual fee requirement. However, certain Independent Managers may impose specific account and/or minimum annual fee requirements and conduct billing practices which vary from those of Mechanical Financial, LLC. In such instances, Mechanical Financial, LLC may alter its corresponding billing practices to accommodate those of the Independent Managers.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS METHODS OF ANALYSIS

Mechanical Financial, LLC's primary method of analysis is based on Modern Portfolio Theory. Modern Portfolio Theory is a theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. Modern Portfolio Theory seeks to construct an optimal portfolio by considering the relationship between risk and return, especially as measured by alpha, beta, and R-squared.

## INVESTMENT STRATEGIES

Mechanical Financial, LLC attempts to maximize portfolio expected return for a given amount of portfolio risk. To do so, Mechanical Financial, LLC primarily utilizes mutual funds, ETFs, and cash equivalents, but may occasionally incorporate individual equities and fixed income securities. For equities, Mechanical Financial, LLC allocates internationally (including both developed and emerging markets), and domestically (including large, mid, and small cap stocks). For fixed income, Mechanical Financial, LLC allocates to U.S. government and corporate bonds, international bonds, inflation-protected bonds, floating rate and high-yield bonds, municipal bonds, and mortgage-backed securities. When using alternative investments in a portfolio, Mechanical Financial, LLC allocates to commodity and real estate classes of securities, as well as market neutral and long/short funds.

### *Risks of Loss*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly.

### *Market Risks*

The profitability of a significant portion of Mechanical Financial's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Mechanical Financial will be able to predict those price movements accurately.

### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

### *Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are

required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *REIT Risks*

Mechanical Financial, LLC recommends an investment in, or allocate assets among, various REITs, the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

#### *Use of Independent Managers*

Mechanical Financial, LLC may recommend the use of Independent Managers for certain clients. Mechanical Financial, LLC will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Managers ability to successfully implement their investment strategy. In addition, Mechanical Financial, LLC does not have the ability to supervise the Independent Managers on a day-to-day basis other than as previously described in response to Item 4, above.

#### *Use of Margin*

Mechanical Financial, LLC's clients currently do not have access to leverage margin.

#### *Use of Options*

Mechanical Financial, LLC's currently does not leverage option strategies in their investment approach.

#### *Covered Call Writing*

Mechanical Financial, LLC's currently does not leverage option strategies in their investment approach.

#### *Long Put Option Purchases*

Mechanical Financial, LLC's currently does not leverage option strategies in their investment approach.

### **ITEM 9. DISCIPLINARY INFORMATION**

Mechanical Financial, LLC is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Mechanical Financial, LLC does not have any required disclosures to state at this time.

### **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Mechanical Financial, LLC is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Mechanical Financial, LLC has described such relationships and arrangements below.

### **REFERRAL TO INSURANCE AGENCY**

Certain of Mechanical Financial, LLC's Supervised Persons, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend the purchase of certain insurance products and may refer clients to other, unaffiliated insurance agents or agencies for implementation purposes. Neither Mechanical Financial, LLC nor or its Supervised Persons that recommend the purchase of insurance products receive insurance commissions or other additional compensation.

### **REFERRALS TO RELATED CERTIFIED PUBLIC ACCOUNTANTS**

Mechanical Financial, LLC does not render accounting advice or tax preparation services to its clients at this time. Rather, to the extent that a client requires accounting advice and/or tax preparation services, Mechanical Financial, LLC, if requested, will recommend the services of a Certified Public Accountant, all of which services are rendered independent of Mechanical Financial, LLC pursuant to a separate agreement between the client and the Tax preparer/Certified Public Accountant. Mechanical Financial, LLC does not receive any of the fees charged by any recommended Certified Public Accountant, referral or otherwise. To the extent that a Tax Preparer/Certified Public Accountant provides accounting and/or tax preparation services to any of Mechanical Financial, LLC's clients, all such services are performed is considered

separate, and independent of Mechanical Financial, LLC, for which Mechanical Financial, LLC does not receive any portion of the fees charged by a Tax Preparer/Certified Public Accountant, referral or otherwise.

#### ITEM 11. CODE OF ETHICS

Mechanical Financial, LLC has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of certain persons associated with the Firm (“associated persons”). The Firm’s Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Mechanical Financial, LLC or any of its associated persons. The Code of Ethics also requires that certain of Mechanical Financial, LLC’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Mechanical Financial, LLC and its associated persons are permitted to buy or sell securities that it also recommends to clients consistent with Mechanical Financial, LLC’s policies and procedures. Unless specifically permitted in Mechanical Financial, LLC’s Code of Ethics, none of Mechanical Financial, LLC’s Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Mechanical Financial, LLC’s clients.

When Mechanical Financial, LLC is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Mechanical Financial, LLC is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients may contact Mechanical Financial, LLC to request a copy of its Code of Ethics.

#### ITEM 12. BROKERAGE PRACTICES

As discussed above in Item 5, Mechanical Financial, LLC recommends that clients utilize the brokerage and clearing services by Altrust Apex Clearing, respectively.

Factors which Mechanical Financial, LLC considers in recommending Altrius, whom is leveraging Apex Clearing includes their respective financial strength, reputation, execution, pricing, research and service. Recommending Altrius and Apex Clearing enables Mechanical Financial, LLC to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Altrius and Apex Clearing bundled service does not charge commission fees when buying and selling securities (i.e. stocks, ETFs).

Mechanical Financial, LLC periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

**Software and Support Provided by Financial Institutions** Mechanical Financial, LLC receives from Altrius and Apex Clearing, without cost to Mechanical Financial, LLC, computer software and related systems support, which allow Mechanical Financial, LLC to better monitor client accounts maintained at Altrius and Apex Clearing. Mechanical Financial, LLC receives the software and related support without cost because Mechanical Financial, LLC renders investment management services to clients that maintain assets at Altrius and Apex Clearing. The software and related systems support may benefit Mechanical Financial, LLC, but not its clients directly. In fulfilling its duties to its clients, Mechanical Financial, LLC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Mechanical Financial, LLC's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Mechanical Financial, LLC's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Mechanical Financial, LLC may receive the following benefits from Altrius and Apex Clearing: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional traders; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Transactions for each client generally will be effected independently, unless Mechanical Financial, LLC decides to purchase or sell the same securities for several clients at approximately the same time. Mechanical Financial, LLC may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Mechanical Financial, LLC's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Mechanical Financial, LLC's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Mechanical Financial, LLC determines to aggregate client orders for the purchase or sale of securities, including securities in which Mechanical Financial, LLC's Supervised Persons may invest, Mechanical



Financial, LLC does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Mechanical Financial, LLC does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Mechanical Financial, LLC determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares will be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations will be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Mechanical Financial, LLC will exclude the account(s) from the allocation; the transactions will be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares will be allocated to one or more accounts on a random basis.

Mechanical Financial, LLC does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

#### ITEM 13. REVIEW OF ACCOUNTS (THIS SECTION NEEDS TO BE REWRITTEN)

For those clients to whom Mechanical Financial, LLC provides investment management services, Mechanical Financial, LLC monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a semi-annual basis. For those clients to whom Mechanical Financial, LLC provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by the Principal of Mechanical Financial, LLC, Mark Dyer. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Mechanical Financial, LLC and to keep Mechanical Financial, LLC informed of any changes thereto. Mechanical Financial, LLC contacts ongoing investment advisory clients periodically to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Mechanical Financial, LLC provides investment advisory services will also receive a semi-annual report from

Mechanical Financial, LLC that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from Mechanical Financial, LLC.

Those clients to whom Mechanical Financial, LLC provides financial planning and/or consulting services will receive reports from Mechanical Financial, LLC summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Mechanical Financial, LLC.

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

Mechanical Financial, LLC is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Mechanical Financial, LLC is required to disclose any direct or indirect compensation that it provides for client referrals.

At the moment Mechanical Financial, LLC does not receive any economic benefit from referral partners for simply making a referral to an unaffiliated party to Mechanical Financial, LLC. However, if a client is introduced to Mechanical Financial, LLC by either an unaffiliated or an affiliated solicitor, Mechanical Financial, LLC reserves the right to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Payments for client solicitation may be made in the form of a retainer, flat fee per referral, and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. Any referral fee shall be paid solely from Mechanical Financial, LLC's investment advisory fee and shall not result in any additional charge to the client. If the client is introduced to Mechanical Financial, LLC by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall provide each prospective client with a copy of Mechanical Financial, LLC's written Disclosure Brochure and a separate written statement disclosing the arrangement between Mechanical Financial, LLC and the solicitor.

#### ITEM 15. CUSTODY

Mechanical Financial, LLC's Agreement and/or the separate agreement with any Financial Institution may authorize Mechanical Financial, LLC through such Financial Institution to debit the client's account for the amount of Mechanical Financial, LLC's fee and to directly remit that management fee to Mechanical Financial, LLC in accordance with applicable custody rules.

The Financial Institutions that serve as qualified custodians on behalf of Mechanical Financial, LLC's clients have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Mechanical Financial, LLC. In addition, as discussed in Item 13,

Mechanical Financial, LLC also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Mechanical Financial, LLC.

## SURPRISE INDEPENDENT EXAMINATION

Because certain related persons of Mechanical Financial, LLC act as trustees for clients in connection with advisory services those related persons provide to clients of Mechanical Financial, LLC, those related persons are deemed to have custody over clients' cash, bank accounts or securities. Since those related persons are deemed to have custody over the trust assets, Mechanical Financial, LLC is required to engage an independent accounting firm to perform a surprise annual examination of the assets and accounts over which those related persons of Mechanical Financial, LLC maintain custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. The assets of the trusts are held with qualified custodians.

## STANDING LETTERS OF AUTHORIZATION

Mechanical Financial, LLC provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from Mechanical Financial, LLC to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## ITEM 16. INVESTMENT DISCRETION

In limited circumstances, Mechanical Financial, LLC may be given the authority to exercise discretion on behalf of clients. Mechanical Financial, LLC is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. Mechanical Financial, LLC is given this authority through a power-of- attorney included in the agreement between Mechanical Financial, LLC and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Mechanical Financial, LLC takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made

## ITEM 17. VOTING CLIENT SECURITIES

Unless a client directs otherwise in writing, Mechanical Financial, LLC, in conjunction with the proxy voting and due diligence services provided by Apex Clearing, or its successors or assigns, shall be responsible for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted. Mechanical Financial, LLC and/or the client shall correspondingly instruct each custodian of the assets to forward to Mechanical Financial, LLC copies of all proxies and shareholder communications relating to the assets. Mechanical Financial, LLC, in conjunction with the services provided by Apex Clearing, shall monitor corporate actions of individual issuers and investment companies consistent with Mechanical Financial, LLC's fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, Mechanical Financial, LLC may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Mechanical Financial, LLC may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Mechanical Financial, LLC shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Mechanical Financial, LLC voted on any specific proxy issue is also available upon written request.

Alternatively, clients may, at their written election, choose to receive proxies related to their own accounts, in which case Mechanical Financial, LLC may consult with clients as they may request. With respect to ERISA accounts, Mechanical Financial, LLC will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct Mechanical Financial, LLC to vote a proxy in a particular manner, clients should contact Mechanical Financial, LLC's Chief Compliance Officer by telephone, electronic mail, or in writing.

Mechanical Financial, LLC will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by Mechanical Financial, LLC that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If Mechanical Financial, LLC has a conflict of interest in voting a particular action, it will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our Chief Compliance Officer directly. Clients may request, in writing, information on how proxies for his or her shares were voted. If any client requests a copy of Mechanical Financial, LLC's complete proxy policies and procedures or how it voted proxies for his or her accounts, Mechanical Financial, LLC will promptly provide such information to the client.

## ITEM 18. FINANCIAL INFORMATION

Mechanical Financial, LLC does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Mechanical Financial, LLC is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. At this time, Mechanical Financial, LLC does not reasonably believe it is unable to meet required capital standards.

## PART 2B OF FORM ADV: BROCHURE SUPPLEMENT

**Mark Dyer**

Mechanical Financial, LLC

3532 Becerra Way, Sacramento, CA 95821

916.517.8981

[www.MechanicalFinancial.com](http://www.MechanicalFinancial.com)

This Brochure supplement provides information about Mark Dyer that supplements our Part 2 A, Firm Brochure. If you have any questions about the contents of this Supplement, please contact Mechanical Financial at the information listed above.

Additional information about Matt Keefe is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Educational Background and Business Experience**

**Name:** Mark Dyer (CRD# 6468994)

**Year of Birth:** 1990

**Formal Education after High School:**

BA, Economics, California State University Sacramento

**Business Background for Previous Five Years:**

Edward Jones - Financial Advisor 07/2021 to Present

Chase Bank – Private Client Banker 03/2021 to 07/2021

Merrill Lynch – Financial Advisor 06/2019 to 03/2021

Lumity, Inc – Customer Service Representative 11/2018 to 5/2019

Comerica Securities, Inc - Retirement Plan Sales Associate 05/2017 to 11/2018

**Licensing/Exams:** FINRA Series 7,63,65

**Item 3:** Disciplinary Information - None

**Item 4:** Other Business Activities - None

**Item 5:** Additional Compensation

Mark also benefits from insurance commissions received by employees who are agents of various insurance companies (after the IAR who receives deposits their commission check). After doing so, the IAR/insurance agent may pay Mechanical Financial a portion. Therefore, Mark as a shareholder participates in this addition revenue/profits, if any.

**Item 6:** Supervision

Mark is supervised by the Compliance Committee.

If you would like additional information on our supervisory structure, please contact the Compliance Committee at 916.517.8981 or via email at [compliance@mechanicalfinancial.com](mailto:compliance@mechanicalfinancial.com).