

**Firm Brochure**  
(Part 2A of Form ADV)

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**March 30, 2023**

This brochure provides information about the qualifications and business practices of Fairfield Financial Advisors, Ltd. If you have any questions about the contents of this brochure, please contact us at: 781-431-1119, or by email at: [info@fairfieldfinadvisors.com](mailto:info@fairfieldfinadvisors.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 Fairfield is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Fairfield is a registered investment adviser with the SEC. Such registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

Since the filing of our last annual updating amendment, dated March 29, 2022, the following material changes to report:

- Jane King has replaced Lori Colella as the firm's Chief Compliance Office in March, 2023.
- ~~We accepted a U.S. Small Business Administration Payroll Protection Program loan on May 4, 2020 and complied with the requirements set forth. On May 24, 2021, the loan was forgiven and we have removed the reference thereto in Item 18.~~
- ~~We have updated our brochure to disclose and acknowledge that when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries under ERISA and/or the IRC as applicable. For more information on this topic, including inherent conflicts of interest, and our compliance with Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") refer to Item 4.~~

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## Item 4 Advisory Business

### Firm Description

Fairfield Financial Advisors, Ltd., ("Fairfield") was founded in 1993. We are organized as a corporation under the laws of the Commonwealth of Massachusetts. Jane V. King is the 100% stockholder.

Fairfield provides personalized confidential financial planning and investment management to individuals, families, and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow analysis, investment tax planning, insurance review, investment management, planning for education funding, retirement planning, and estate planning.

Fairfield is a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted. All fees are paid by the client.

### Asset Management Services

Investment advice is provided, with the client making the final decision on investment selection, unless it has been agreed upon between Fairfield and the client, and upon the client's request, that Fairfield take discretion. Fairfield does not typically take discretion but may do so upon mutual agreement between the client and Fairfield. Fairfield does not hold client assets as custodian. Fairfield receives a limited power of attorney from clients to place trades with the client's custodian which, in most cases, is Charles Schwab & Co.

An initial evaluation of a client's financial situation is provided to the client. Periodic reviews are provided to clients as reminders of the specific courses of action that need to be taken. More frequent reviews occur but are communicated to the client only if changes are recommended.

Fairfield is available to meet with other professionals that the client may care to engage such as lawyers, accountants, insurance agents, etc. Any possible conflicts of interest for Fairfield with such engagement of professionals will be disclosed to the client in the unlikely event they occur.

The initial meeting with Fairfield, which may be in person or by telephone, serves to determine the extent to which financial planning and investment management may be beneficial to the client.

Client assets are invested primarily in no-load mutual funds and individual common stocks, usually through Charles Schwab & Co. Mutual fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Brokerage companies may charge a transaction fee for the purchase of some funds.

Individual bonds and exchange-traded funds may be purchased or sold through Charles Schwab. The brokerage firm charges a fee for stock and bond trades. Fairfield does not receive any compensation, in any form, from fund companies or brokerage firms.

Investments may also include: equities (stocks), corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable annuities, and mutual funds shares), and U. S. government securities.

Initial public offerings (IPOs) are not available through Fairfield.

Fairfield also advises clients with respect to financial planning, taxation issues, trust services, and estate planning. This service, which may include delivery of a written financial plan or a subset thereof, may be provided at the request of an asset management client to assist the client and/or our firm in formulating and/or explaining the investment recommendations we provide. Fairfield does not charge a fee for these services.

### **Retirement Account Clients**

We are a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plans and ERISA plan participants. We are also a fiduciary under section 4975 of the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to individual retirement accounts ("IRAs"), ERISA plans, and ERISA plan participants. As such, we are subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice, the fiduciary must either avoid certain conflicts of interest or rely upon an applicable prohibited transaction exemption (a "PTE").

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

### **Assets Under Management**

As of **December 31, 2022**, we provided continuous management services for ~~\$35,564,614 in client assets on a discretionary basis, and~~ **\$225,230,219** ~~274,612,963~~ in client assets on a non-discretionary basis.

### **Tailored Relationships**

The goals and objectives of each client determine the portfolio design. Clients may impose restrictions on investing in certain securities or types of securities.

## **Item 5 Fees and Compensation**

### **Asset Management Services**

The annual Advisory Service Agreement fee is based on a percentage of the client's investable assets, unless otherwise specified, according to the following schedule:

#### **Annual Fee Schedule**

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$899,999 1.50% From \$900,000 to \$2,000,000	1.25%
From \$2,000,001 to \$5,000,000	1.00%
From \$5,000,001 to \$10,000,000	0.75%
Above \$10,000,000	0.50%

Fairfield will aggregate family accounts for the calculation of management fees, unless otherwise requested by the client. Current client relationships may exist where the fees are higher or lower than

the fee schedule above.

Fairfield charges its advisory fee in the last month of each calendar quarter. The fee is based on the account's closing market value as of the last day of the preceding month. In other words, the fee is based on the closing market value at the end of the second month of each quarter. The fee charged compensates us for services rendered and will be rendered during the quarter in which the fee is charged. Cash will be included for billing purposes unless we determine otherwise, in our sole discretion.

Fairfield, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

### **Fee Billing**

Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing, but the client may arrange to receive a physical copy of the invoice and pay by check.

### **Termination of Agreement**

A client may terminate the Asset Management agreement at any time by notifying Fairfield in writing. A client is responsible for any unpaid fees as of the termination date. The client will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means the client will incur advisory fees only in proportion to the number of days in the quarter for which they are a client. If a client has pre-paid advisory fees that we have not yet earned, the client will receive a prorated refund of those fees.

Fairfield may also terminate the Asset Management agreement at any time by notifying the client in writing.

### **Additional Fees and Expenses**

As part of our investment advisory services to the client, we may invest, or recommend that the client invest in mutual funds and exchange traded funds. The fees paid by the client to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a fund management fee and other fund expenses. A client will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom the client's account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost incurred by a client, the client should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **IRA Rollover Considerations**

As part of our investment advisory services to the client, we may recommend that the client withdraw the assets from their employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on the client's behalf. If the client elects to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee to the client as set forth in the agreement that the client executed with our firm. This practice may present a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to the client for the purpose of generating fee based compensation rather than solely based on the client's needs. The client is under no obligation, contractually or otherwise, to complete the rollover.

Moreover, if the client does complete the rollover, the client is under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, the client should consider the costs and benefits of:

1. Leaving the funds in the client's employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage the client to speak with their CPA and/or tax attorney.

If the client is considering rolling over retirement funds to an IRA for us to manage here are a few points to consider before doing so:

1. Determine whether the investment options in their employer's retirement plan address their needs or whether the client might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. The client's current plan may have lower fees than our fees.
  - a. If the client is interested in investing only in mutual funds, they should understand the cost structure of the share classes available in their employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. The client should understand the various products and services of which to take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to the client in their plan.
4. The client's current plan may also offer financial advice.
5. If the client keeps their assets titled in a 401k or retirement account, the client could potentially delay their required minimum distribution beyond age 72.
6. The client's 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. The client may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If the client owns company stock in their plan, they may be able to liquidate those shares at a

lower capital gains tax rate.

10. The client's plan may allow them to hire us as the manager and keep the assets titled in the plan name.

It is important for the client to understand the differences between these types of accounts and to decide whether a rollover is best for them. Prior to proceeding, the client may contact our office with any questions.

## **Item 6 Performance-Based Fees**

Performance-based fees are fees that are not based on a share of the capital gains or capital appreciation of managed securities. Fairfield does not use a performance-based fee structure or side-by-side management.

## **Item 7 Types of Clients**

### **Description**

Fairfield currently provides investment advice to individuals, high net worth individuals, families, trusts, estates, and pension and profit sharing plans. Fairfield may also provide services to small businesses, charitable organizations, corporations and other business entities.

Client relationships vary in scope and length of service.

### **Account Minimums**

Fairfield does not require a minimum dollar amount to open an account and maintain an advisory account.

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

### **Methods of Analysis**

Security analysis method includes fundamental analysis which is the evaluation of a security based on the intrinsic value of the business including, but not limited to, its growth in earnings and sales revenue, its market share, financials, management quality, and its competitive advantage. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the U.S. Securities and Exchange Commission.

Other sources of information that Fairfield may use include, but are not limited to, Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, and various other sources available via the internet.

### **Investment Strategies**

The primary investment strategy used on client accounts is a strategic asset allocation approach. This means that the firm recommends actively-managed funds, common stocks, fixed income securities, and exchange-traded funds as the core investments. Money market positions, passively-managed indices, or other investment instruments are incorporated when requested by a client and/or deemed to be a strategic fit by Fairfield.



The investment strategy for a specific client is based upon the objectives stated by the client during consultations, and confirmed or modified by annual Investment Policy Statements completed by the client. The client also may change these objectives by communication with us at any time.

Investment strategies will include long-term purchases, and short-term purchases.

### **Risk of Loss**

All investment strategies have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment values to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the current or forecasted economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many investors are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value of its stock.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

Jane King, as president of Fairfield, is a member of the National Association of Personal Financial Advisors (NAPFA).

Jane King also maintains a current membership with the Financial Planning Association (FPA).

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

### **Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to act in your interests at all times and to satisfy our fiduciary duty of honesty, good faith, and fair dealing with you. The employees of Fairfield have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

Fairfield and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades in such securities. Employees must comply with the provisions of the Fairfield *Compliance Manual*.

### **Personal Trading**

The Chief Compliance Officer of Fairfield is Jane V. King. All employee trades are documented in the trade blotter, and subject to review by Jane V. King. Personal trading reviews are undertaken to determine that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Additionally, our firm or persons associated with our firm may buy or sell the same securities that we recommend to clients or securities in which clients are already invested. A conflict of interest may exist in such cases because we have the ability to trade ahead of the client and potentially receive more favorable prices than the client will receive. To mitigate this conflict of interest, it is our policy that neither our firm or persons associated with our firm shall have priority over clients' account in the purchase or sale of securities. Since most employee trades are relatively small mutual fund trades, equity trades, or exchange-traded fund trades, these trades do not affect the securities markets.

## **Item 12 Brokerage Practices**

### **Selecting Brokerage Firms**

We recommend the brokerage and custodial services of Charles Schwab & Co. Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. In recognition of the value of the services the Custodian provides, clients may pay higher commissions and/or trading costs than those that may be available elsewhere. In all cases, the recommended Custodian is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

### **Best Execution**

Fairfield, in almost all cases, executes trades through Charles Schwab & Co. and periodically reviews the execution of trades to ascertain that the client is getting best execution. We believe that Schwab provides quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided, including the value of the provider's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. We believe that Schwab's commissions and brokerage fees

are reasonable; nevertheless, in recognition of the value of Schwab provides, the client may pay higher commissions and/or trading costs than those that may be available elsewhere. Fairfield does not receive any portion of the trading fees.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Economic Benefits**

#### **Charles Schwab - Custody and Brokerage Costs**

For client accounts it maintains, Schwab generally does not charge clients separately for custody services but is compensated by charging other fees (for example: wire fees, transfer fees, trades that it executes or that settle into the client's Schwab account). Schwab's commission rates and/or other fees applicable to client accounts were negotiated based on our commitment to maintain a certain amount of client assets in accounts at Schwab. This commitment benefits clients because the overall commission rates and/or fees paid by clients are lower than they would be if we had not made the commitment.

#### Services that Benefit the Client

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

#### Services that May Not Directly Benefit the Client

Schwab also makes available other products and services that benefit us but may not directly benefit clients. These products and services assist us in managing and administering client accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available programs, technology and/or software that:

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

#### Services that Generally Benefit Only Fairfield Financial

Schwab also offers other services intended to help us manage and further develop the firm's business enterprise. These services may include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession;

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

**Fairfield Financial's Interest in Schwab's Services**

The availability of these services from Schwab benefits Fairfield because the firm does not have to produce or purchase them. These services may give us an incentive to recommend that clients maintain their account with Schwab based on our interest in receiving Schwab's services. This is a potential conflict of interest. We believe, however, that the selection of Schwab as a custodian and broker is in the best interests of the firm's clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above - see "The Custodian and Broker We Use") and not Schwab's services that benefit only us. We do not believe that maintaining client assets at Schwab presents a material conflict of interest.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

We routinely require that our clients direct our firm to execute transactions through Schwab. As such, we may be unable to achieve the most favorable execution for the client's transactions and the client may pay higher brokerage commissions than they might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

**Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, clients may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for the client and the client may pay higher commissions, fees, and/or transaction costs than other clients.

**Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we seek to purchase, or recommend the purchase of, mutual funds for a client, we seek to select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will seek to purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

**Item 13 Review of Accounts**

Account reviews are performed regularly by Jane V. King, President. Account reviews are performed more frequently when market conditions dictate.

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's personal situation.

Each client receives a monthly statement directly from the custodian. Account reviews by the firm consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive written communications on at least an annual basis which may include a net worth statement, portfolio evaluation, and a summary of objectives and progress towards meeting those objectives.

## **Item 14 Client Referrals and Other Compensation**

From time-to-time, we receive client referrals from our clients. These client referrals are neither testimonials nor advertisements. We do not compensate our clients, directly or indirectly, for referring clients to us, and do not communicate client statements about us when offering our investment advisory services.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

### **Account Statements**

The client's independent custodian will directly debit the client's account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from the clients' accounts causes our firm to exercise limited custody over client funds or securities. We do not have physical custody of any of the clients' funds and/or securities. Client funds and securities will be held with a bank, broker-dealer or other qualified custodian. Clients will receive account statements from the qualified custodian(s) holding the clients' funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Clients may be provided with net worth statements. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning and overview discussions where the exact values of assets are not material to the financial planning tasks.

### **Wire Transfer and/or Standing Letter of Authorization**

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or

from time to time;

3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

### **Trustee Services**

Jane V. King, of Fairfield, serves as trustee to certain accounts for which we provide investment advisory services. Jane King's capacity as trustee gives our firm custody over the advisory accounts for which the individual serves as trustee. These accounts will be held with a bank, broker-dealer, or other qualified custodian. If Fairfield acts as trustee for any of a client's accounts, the client will receive account statements from the qualified custodian(s) holding the client's funds and securities at least quarterly. The client should carefully review account statements for accuracy. Client accounts for which Jane King serves as Trustee will be examined on a surprise basis each calendar year by an independent public accountant whose fees are paid by Fairfield.

## **Item 16 Investment Discretion**

### **Discretionary Authority for Trading**

Fairfield does not take discretion unless requested by the client and mutually agreed upon by the client and Fairfield. If you have a non-discretionary agreement with us, Fairfield does not have the authority to determine, without obtaining client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold for those accounts for which Fairfield does not take discretion. If you have a discretionary agreement with us, your client agreement will give us limited power of attorney to determine, without consulting with you in advance, the securities to be bought and sold in the accounts you have designated us to manage for you.

For all accounts, discretionary or non-discretionary, Fairfield does not receive any portion of the transaction fees or commissions paid by the client to the custodian. If a client enters into non-discretionary arrangements with our firm, we will obtain the client's approval prior to the execution of any transaction for the client's account(s). The client has an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

In order to buy or sell securities on the client's behalf, the client must first sign our discretionary management agreement and the appropriate trading authorization forms. The client may grant our firm discretion over the selection and amount of securities to be purchased or sold for their account(s) without obtaining their consent or approval prior to each transaction. The client may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for their account(s). For example, the client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

### **Limited Power of Attorney**

Fairfield receives a limited power of attorney from clients to place trades with the client's custodian

which, in most cases, is Charles Schwab & Co.

For all accounts, discretionary or non-discretionary, Fairfield does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

## **Item 17 Voting Client Securities**

Fairfield does not vote proxies on securities. Clients are expected to vote their own proxies as shareholders of the applicable securities, and are responsible for exercising their rights as shareholders. At the client's request, we may offer advice to the client regarding corporate actions and the exercise of your proxy voting rights.

In most cases, clients receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to the client by mail. When clients authorize our firm to contact them by electronic mail, we would forward any electronic solicitations to vote proxies; however, the voting decision remains with the client as shareholder.

## **Item 18 Financial Information**

Fairfield does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Fairfield does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance of receiving the advisory service.

We have not filed a bankruptcy petition at any time in the past ten years.