

**Item 1 – Cover Page**



3623 N. Elm Street | Suite 102  
Greensboro, NC 27455  
(336) 230-0071 (office)  
[www.triadfa.com](http://www.triadfa.com)

March 16, 2023

This Brochure provides information about the qualifications and business practices of Triad Financial Advisors, Inc. ("TFA"). If you have any questions about the contents of this Brochure, or would like to request a copy of this Brochure free of charge, please contact us at (336) 230-0071 and/or [reachus@triadfa.com](mailto:reachus@triadfa.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.

TFA is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about TFA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for TFA is 118583.

## Item 2 – Material Changes

This Item of the Brochure discusses only specific material changes that are made to the Brochure since the last annual update and provides clients with a summary of such changes.

We do not have any material changes in this update, however we have updated our Assets Under Management in Item 4 pursuant to the filing of our Annual Updating Amendment on March 16, 2023.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting TFA at (336) 230-0071 or [reachus@triadfa.com](mailto:reachus@triadfa.com).

(Brochure Date: 03/16/2023)

(Date of Most Recent Annual Updating Amendment: 03/16/2023)

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## Item 4 – Advisory Business

Triad Financial Advisors, Inc. (hereinafter referred to as “TFA”) is a fee-only financial planning and investment advisory firm offering fiduciary wealth management services customized to your individual needs. We are not affiliated with a broker-dealer or insurance agency. We do not sell financial products nor receive commissions. We are compensated solely from providing independent investment and financial planning advice to our clients.

TFA is principally owned by Patrick Rush, CEO. TFA has been providing advisory services while registered under the SEC since 2014, prior to that while registered with the State of North Carolina.

As of December 31, 2022, TFA managed \$842,519,385 on a discretionary basis and \$20,613,050 on a non-discretionary basis, for a total amount of assets under management of \$863,132,435.

TFA offers the following wealth management service comprised of:

- Life Planning & Investment Management
- Asset Allocation and Periodic Monitoring of Outside Assets
- Third-Party Managed Programs
- Educational Seminars

### **Life Planning & Investment Management Services**

An initial free, no obligation meeting is offered to introduce TFA’s services and fees. If you decide to engage us for services, you will be required to sign our wealth management agreement outlining the relationship and specifying our fee. Once there is mutual agreement and desire to work together, we will request a number of documents to help understand your overall financial situation.

Our services to clients provide an ongoing blending of financial life planning and asset management services focusing holistically on the client's needs.

TFA will gather financial information and history from you such as your retirement and financial goals, investment objectives, investment horizon, financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies, and other applicable financial information in order to provide the investment advisory services requested. All information gathered from you is confidential.

Depending upon your needs, our planning advice includes topics such as:

- Tax planning analysis
- Estate planning analysis
- Business planning
- Retirement planning
- Education planning
- Budgeting and cash flow
- Fringe benefit analysis
- Investment analysis

Our services may be broad or may be focused on one or more topics to address your unique situation.

TFA will prepare a financial plan based on your financial situation at the time and on the financial information you disclose to our Advisory Representative. Certain assumptions may be made with respect to interest and inflation rates as well as the use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. TFA cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. If your financial situation, investment goals or objectives change, you must notify TFA promptly of the changes. You are advised that the advice offered by TFA is limited and is not meant to be comprehensive. Based on your specific needs or situation, you are advised to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

### **Asset Allocation and Periodic Monitoring of Outside Assets**

An Advisory Representative will determine an asset allocation customized to your financial goals, objectives and risk tolerance. When determining your portfolio allocation, your Advisory Representative, will take into consideration your limitations or restrictions, as well as your risk capacity, risk requirement, time horizon and financial situation.

Upon your approval, we will implement the initial portfolio allocation and we will manage your account(s) on a continuous and ongoing basis. We offer this service on a discretionary basis. With your written approval, as indicated in the advisory agreement, we will use our own discretion to determine any changes to the account. TFA will monitor the account and will make changes to the allocation as deemed appropriate by the firm and your Advisory Representative. We will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you.

Depending on your specific goals and objectives, we will generally hold positions in your account for a long term, typically more than a year; however, we may recommend trading some securities, for periods of thirty (30) days or less. Your portfolio may be similarly managed and contain similar holdings as compared to other clients' managed accounts.

Our Advisory Representatives primarily use open-ended mutual funds and exchange-traded funds (ETFs). However, managed accounts are not exclusively limited to mutual funds and ETFs and may include stocks and bonds, certificates of deposits, government securities, money markets, annuities, direct participation programs, master limited partnerships, REITs, and if desired by the client, donor-advised funds.

Transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts and other qualified retirement accounts.

As further described below, TFA has entered into a relationship to offer you wealth management services through the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") and the institutional advisor program offered by TD Ameritrade Institutional ("TD Ameritrade"). TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. There is no affiliation between TFA, Schwab, and TD Ameritrade. If

you select another brokerage firm for custodial and/or brokerage services, you will not be able to receive wealth management services from TFA.

When requested to design a complete asset allocation and manage your overall portfolio, TFA will include your assets held with other brokerage firms/custodians ("outside assets"). These outside assets may be held at mutual fund companies, variable annuity companies, other brokerage firms, and employer-sponsored retirement plans such as 401(k) accounts. These outside assets are not held with our primary custodians, Schwab or TD Ameritrade, and TFA will not implement any investment recommendations. Instead, your Advisory Representative will provide asset allocation and monitoring services. We will periodically monitor the account(s) and direct or recommend the allocation of assets among the various investment options available with the product. You are free to accept, reject, or implement any portion of the recommendations provided by TFA. Be aware that partial implementation or delayed implementation may have an impact on the performance of the account. Because TFA may not have access to your outside assets, you will be responsible for providing TFA with copies or duplicate statements.

#### *Access to Additional Services*

As an added benefit to our clients and upon client request, TFA provides access to the services of an estate attorney for the review and/or rewriting of client estate documents, and a CPA for the review of a client's personal tax situation. TFA and its Advisory Representatives will not be acting as your CPA or attorney, but will help facilitate communication with the professional.

Additionally, TFA provides access to an insurance professional for life, long-term care, and Medicare insurance planning.

Fees for such services are separate and distinct from any advisory services offered by TFA. TFA is not affiliated with these other professionals and does not share in any compensation received by other professionals for these services. You are under no obligation to engage the services of any recommended professional or purchase products or services recommended by us or members of our firm in connection with providing you with any advisory service that we offer. You have the right to decide whether or not to implement our advice and the right to consult with other financial professionals for implementation.

#### **Third-Party Managed Program Services**

If appropriate, your Advisory Representative will qualify you for investment in certain Third-Party Management services. Your Advisory Representative will gather information from you about your financial situation, investment objectives, and reasonable restrictions you may want to impose on the management of your account. Upon review of that information, your Advisory Representative will assist you in the selection of a third-party manager. We will assist you with the completion of documents in order to utilize the services of the manager. Your total advisory fee will consist of TFA's fee plus the third-party manager's fee. Depending on the arrangement with the manager, TFA's portion of the fee may be debited from the account by the manager and remitted to TFA or TFA may debit the fee directly from your account. The manner in which fees are charged are explicitly stated within the agreements between the client and TFA, and the client and the third-party manager.

Your Advisory Representative will periodically review any reports provided to you and monitor the performance of your account. Based on the terms of your advisory agreement, the Advisory Representative may, utilizing their discretion, add, change or terminate a Manager if he or she feels that a change is warranted. Additionally, we will contact you at least annually to review your financial situation

and objectives; communicate information to the third-party manager managing the account as necessary and will assist you in understanding and evaluating the services provided by the manager. You are expected to notify your Advisory Representative of any changes in your financial situation, investment objectives or reasonable account restrictions you would like to place.

### **Educational Seminars**

TFA provides seminars on various financial planning topics. The seminars are generally provided to clubs, civic groups, individuals, or other interested parties. They are sometimes provided to companies for selected employee groups.

We tailor the advisory services we offer to your individual needs. You may impose reasonable restrictions and/or limitations on the investing in certain securities or types of securities. One or more of our Advisory Representatives will meet with you and conduct an interview and data gathering session to continue the due diligence process. The information gathered by TFA will assist the firm in providing you with the requested services and customize the services to your financial situation. Depending on the services you have requested, we will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Existing portfolio statements, including retirement account information
- Financial needs
- Tax bracket information
- Cash flow analysis
- Cost of living needs
- Savings tendencies
- Other applicable financial information required by our Advisory Representative in order to provide the investment advisory services you have requested.

TFA does not offer any wrap fee programs. However, when appropriate, we may recommend the services of a third-party manager which may offer a wrap fee program.

### **General Information**

The investment recommendations and advice offered by TFA and your Advisory Representative are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Our primary goal is to help our clients identify and pursue their financial goals, thereby enhancing the overall quality of their lives.

## **Item 5 – Fees and Compensation**

### **Life Planning & Investment Management Services**

TFA charges one comprehensive fee for the following services:

- ✓ overall life planning which may include content from third-party software providers such as MoneyGuide Pro;

- ✓ periodic review of financial plan (annually or as needed);
- ✓ ongoing management of client investment accounts;
- ✓ annual, or more frequent, client meetings either in person, remotely by phone, or remotely by online conference technology; and
- ✓ the ability to contact your Advisory Representative for advice on relevant financial matters as needed throughout the year.

Our fees are negotiable and are not based on a share of capital gains or capital appreciation of the funds or any portion of the funds in a client's account. Fees are negotiated individually with each client, depending on their situations. The fee generally includes ongoing life planning services and discretionary investment management services. TFA's annual fee is dependent on the service offering, scope of service(s) required, amount of assets managed, amount of assets included in the plan, and the professional(s) rendering the services.

The Fee Schedule is as follows:

<b>Assets Under Management</b>	<b>Annual Fee</b>
On the first \$1,000,000	1.00%
On the next \$1,500,000	0.75%
On the next \$7,500,000	0.50%
On all amounts thereafter	0.35%

All accounts will have assets covering 3-12 months of fees invested in cash or cash-like securities. Additionally, for accounts taking regular monthly withdrawals, an amount equal to 3-12 months of the withdrawals will be invested in cash or cash-like securities.

TFA charges a minimum quarterly fee of \$750. Legacy clients<sup>1</sup> are not subject to the minimum. At our discretion, the fee minimum may be waived.

We sometimes make exceptions to our general fee schedule under certain circumstances (e.g., responsibilities involved; accounts or groups of accounts which are expected to have significant capital additions in the future; anticipated future earning capacity; related accounts; account composition; pre-existing client; account retention; pro bono activities, etc.). In such cases, lower or higher fees or different payment arrangements can be negotiated with each client separately and will be described in the client's Agreement. TFA may change the fee schedule upon thirty (30) days' prior written notice to you.

Fee adjustments will be made for partial withdrawals and additional deposits within a billing period if they exceed \$250,000 after the initial establishment of the account. No fee adjustments will be made during the quarter for account appreciation or depreciation.

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<sup>1</sup> Clients that have previously signed agreements where the minimum fee of \$5,500 was not applicable and do not satisfy the generally accepted minimum investment amount of \$550,000 will be considered legacy clients. These clients receive basic investment management and financial planning services that include a limited level of the services described above. Legacy clients may add more comprehensive services by adopting a new agreement with TFA. Additional fees will apply.



If a new portfolio or new account is opened or closed during the middle of a month, you will pay a pro-rated portion of the advisory fee based upon the number of days the account was under TFA's management. You may authorize us to instruct the custodian to deduct the fee directly from your account. You will need to grant TFA the authorization to instruct the custodian to debit your fee. The custodian will provide you with a quarterly statement that lists the total fees deducted from the account as well as all transactions that were conducted in the account that quarter.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. You will also pay other fees associated with maintaining the account. These fees are not charged by TFA and are charged by the product sponsor, or account custodian. TFA does not share in any portion of these fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees as well as the mutual fund adviser's fee of any mutual fund they purchase. These fees are not shared with TFA and are compensation to the fund manager. You should read the mutual fund prospectus for complete information.

Advisory fees are payable quarterly in advance and based on the market value of the client's portfolio on the last business day of the previous calendar quarter as valued by the custodian and/or other financial institutions valuing the assets. The portfolio size may include assets under our management held at Schwab, TD Ameritrade, and in outside assets held at mutual fund or variable annuity companies, retirement plans such as 401(k)s, etc. In the case of multiple accounts, we may debit aggregate fees from a single account or multiple accounts as permissible by law. If your account does not contain sufficient funds to pay the advisory fees, we have the limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. Except for ERISA and IRA accounts, you may reimburse your account for advisory fees paid to TFA.

In addition to TFA's advisory fee, you should also be aware that the products we utilize within your portfolio will also charge fees (i.e., mutual fund expense ratios). Such fees are not shared with TFA and are compensation to the fund managers.

For additional information, please refer to [Item 12](#) that describes the factors that TFA considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

As stated above, we will primarily recommend open-ended mutual funds including no-load and load waived mutual funds purchased at net asset value (NAV) and ETFs. While certain products may pay 12b-1 fees, TFA will not receive these fees. Where applicable, and for those accounts under its custody, Schwab or TD Ameritrade will retain the 12b-1 fees.

You have the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.

#### Termination Provisions

You may terminate advisory services obtained from TFA, without penalty, upon verbal or written notice within five (5) business days after entering into the advisory agreement with TFA. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial

fees. Thereafter, you may terminate investment advisory services upon thirty (30) days' written notice to TFA. Termination date will be thirty (30) days after receipt of written notice. If the date exceeds the current quarterly billing period, the termination date will be the final day of that billing period. Fees are due for the thirty (30) day period following written notice but not to exceed the current quarterly billing period. Your agreement will end and our management will end at the end of the billing period. Pro-rated refunds for unearned fees are calculated from the termination date to the end of the current quarterly billing period.

### **Additional Fees and Expenses**

Mutual fund investments in the programs that we offer are no-load or load at NAV. Your mutual fund investments may be subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details.

There are additional fees relating to IRA accounts that you may incur. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

### **Third-Party Managed Program Services**

Compensation in connection with Third-Party Managed Program services generally consists of:

- i. management fees paid to Third Party Manager;
- ii. management fees paid to us;
- iii. transaction costs – if applicable – which may be paid to purchase and sell such securities; and
- iv. custody fees.

Transaction fees are not charged by TFA and are charged by the product sponsor, or account custodian. TFA does not share in any portion of these fees.

For more complete fee details, please see our Third-Party Manager Agreement and the money manager's disclosure brochure, investment advisory contract, and account opening documents. We receive compensation based on our agreement with the Third-Party Advisory Program for analyzing your investments and financial situation, assisting you in the selection of an appropriate third-party manager and for certain ongoing services we provide you. This compensation will be disclosed to you in our Third-Party Manager Agreement and in a separate disclosure document provided by the third-party manager.

TFA charges its own fee for the advisory services provided. With certain third-party managers, we separately collect our fee from the client. With other managers, our fee is collected by the third-party manager and is typically equal to a percentage of the advisory fee charged by the manager or a fixed fee. Under either arrangement, TFA's fee will not exceed 1.00%.

Differences in compensation paid by third-party managers create an incentive for Advisory Representatives to recommend one manager over another. The manager must be appropriately licensed as an Investment Adviser with the SEC or states in which they conduct business.

If a wrap fee program is not selected, clients will incur fees in addition to those charged by the manager such as transaction fees. If a wrap fee program is selected, the client will also receive the appropriate regulatory disclosures from the sponsor of the program.

## **Educational Seminars**

TFA does not charge a fee for seminars.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

TFA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

TFA's services are geared toward both high net worth and non-high-net worth individuals, trusts, estates, charitable organizations, corporations or other business entities.

TFA charges a minimum quarterly fee of \$750, which may be waived at our discretion.

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

TFA takes a long-term disciplined investment approach, emphasizing asset allocation strategies and diversification to help reduce risk. We use data from various sources, on a subscription basis, to track performance of mutual funds and money managers. These sources may use fundamental and technical analyses in their research.

Our analysis of third-party managers involves examining the experience, expertise, investment philosophies, and past performance of the managers to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. A risk of investing with a third-party manager who has been successful in the past is that the success may not be able to be replicated in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Investing in securities involves risk of loss, including the potential loss of the principal money you are investing.** Therefore, your participation in any of the management programs offered by TFA requires you to be prepared to bear the risk of loss as well as the fluctuating performance of your accounts. Market values of investments will always be subject to fluctuations and loss of principal regardless of prudent efforts to minimize risk via asset allocation and diversification.

Investment strategies and recommendations are based upon consideration of any of the following:

- Diversification – for the purpose of balancing risk while maintaining the possibility of gain; or

- Risk Factors – including the risk of capital loss (market risk) and the risk of loss of purchasing power (inflation risk), and the client's understanding of, and financial ability to bear such risks; or
- Liquidity and Income Needs – taking into consideration short-and-long-term liquidity needs, balancing of lesser and greater risk approaches, and combining income, growth, and safety concepts; or
- Discipline – emphasizing commitment and follow through over a reasonable period of time in order to permit the investment plan or recommendation to achieve the intended result; or
- Income Tax Considerations – although income tax considerations are important, they should not replace economic benefits as the principal determinant of investment decisions.

We do not represent, warrant or imply that the services or methods of analysis we use can or will predict future results, successfully identify market tops or bottoms or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by TFA or our Advisory Representatives will provide a better return than other investment strategies.

The primary risk factors applicable to our investment program generally include:

- Market risk – The price of a security, bond, mutual fund and/or exchange-traded 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 circumstances. For example, economic, political and social conditions may trigger market-related events.
- Interest rate risk – The chance that investment prices will change based on a move in interest rates (bond prices decline as interest rates rise). Relative to fixed income securities with near-term maturities, longer maturity bonds will have a larger change in price with a move in interest rates.
- Inflation risk – The risk that investment returns will be below the general increase in prices due to inflation.
- Category or style risk – The chance that one investment category or style may underperform or outperform other categories and styles.
- Credit risk – The chance that a bond issuer will fail to pay interest and principal in a timely manner.
- Reinvestment risk – The potential exposure 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.
- Early redemption risk – Some bonds have features that allow the bond issuer to repurchase or redeem the bond before maturity at a specific price. This risk is the chance that the borrower will do so; thus, expose the investor to a lower than expected return on that bond investment.

- Systematic risk – Also known as "market risk," this is the chance of a severe drop of an entire financial market (e.g., political or social upheaval, natural disaster, etc.).
- Unsystematic risk – Also known as "specific risk," this is the chance of a decline in the value of a particular asset (i.e., an individual stock declines while the overall stock market is not impacted).
- Currency risk – Also known as "exchange rate risk," this is the chance that foreign investments will be subject to fluctuations in the value of the dollar against the currency of the investment's country of origin.
- Tax risk – This is the chance that the taxing authority changes its tax rates or policies (e.g., rescind tax-exempt status of particular bonds).
- Liquidity risk – This is the risk whereby the ability to buy or sell a security becomes more difficult and, therefore, negatively impacts the price at which one is able to transact in the security.
- Financial risk – Excessive borrowing to finance the ongoing operations of a business 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 declining market value.
- Sector risk – This is the chance that major problems may impact a specific sector, or that returns from that sector may trail the returns of the overall equity market. Daily fluctuations in individual sectors can often be more extreme than fluctuations in the overall market.
- Price volatility – The price of a security, mutual fund and/or exchange-traded fund may fluctuate, even significantly, in a short period of time.
- Exchange-traded fund pricing risk – Exchange-traded fund shares may trade in the market at a premium or discount to their net asset ("NAV") because of market supply and demand. The premiums and discounts for specific exchange-traded funds can vary, depending on the type of exchange-traded fund and time period.

As stated above, TFA primarily uses mutual funds and exchange-traded funds ("ETFs") in client portfolios. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers and/or the fund straying from its stated investment objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. At the client's request, TFA will direct the client to the appropriate Web page to access the prospectus.

The risks with ETFs include the fact that actively traded ETFs can create increased trading expenses and fees and the intraday trading opportunities created by ETFs may not fit into a long-term investor's strategy. In addition, an ETF more heavily weighted towards a particular market sector may be more volatile over short and long periods of time than a more broadly diversified ETF.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TFA or the integrity of our management. TFA has no information applicable to this Item.

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

TFA does not have a related person who is a: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

Neither TFA nor its management persons have a relationship with any of the following entities: broker/dealer, municipal securities dealer, or government securities broker/dealer, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator or commodity trading advisor, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor syndicator of limited partnerships.

Certain Advisory Representatives maintain an insurance license. However, they do not sell insurance products or earn commissions. They maintain the insurance license so that they may be knowledgeable and offer insurance advice.

TFA and its Advisory Representatives are not actively engaged in any other financial industry entity.

As noted in Item 4 above, TFA recommends the services of third-party managers. TFA does not have any relationships with any third-party managers.

Fund companies like Dimensional Fund Advisors (“DFA”) provide TFA assistance and economic support directly to providers in the production of seminars, podcasts, conferences and educational events, including providing educational speakers and sponsoring events hosted by TFA (“Support Services”). These Support Services are valuable and are a substantial direct meaningful economic benefit to TFA. The Support Services also present a conflict of interest as TFA could have an incentive to recommend one of these providers or expand use of a provider as a result of these Support Services and other benefits provided by these providers. Without these Support Services, TFA would be required to purchase the same or similar services at its own expense. The fees that TFA charges will not be reduced by the value of the Support Services received. These providers engage in providing these Support Services to TFA in their sole discretion and at their own expense primarily for educational and training purposes, and TFA does not pay any fees to these providers for the Support Services. TFA’s receipt of Support Services does not diminish its duty to act in the best interests of its clients. In addition to Support Services, on limited occasions, these companies may also provide customary business entertainment to TFA personnel. TFA

also receives software from DFA, in forming asset allocation strategies and producing performance reports.

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

TFA has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. TFA takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as our policies and procedures. Further, we strive to handle your non-public information in such a way to protect information from falling into the hands of anyone who has no business reason to know such information. We provide you with our Privacy Policy which details our procedures for handling your personal information. TFA maintains a Code of Ethics for its Advisory Representatives, supervised persons and office staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, our Code of Ethics establishes our firm's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

Neither TFA nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.

TFA and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, TFA and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. They will not put their interests before your interest. Neither TFA nor any associated person may trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients. No affiliated person may trade in a client's account in such a way as to disadvantage any client.

TFA is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline to implement any investment recommendation. TFA and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

## **Item 12 – Brokerage Practices**

### **The Custodians and Brokers We Use**

TFA does not maintain physical custody of your assets that we manage, although we are deemed to have custody of your assets if you give us authority to withdraw fees from your account (see *Item 15 – Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian and/or TD Ameritrade Institutional. TD Ameritrade

Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. We are independently owned and operated and are not affiliated with Schwab or TD Ameritrade. Schwab or TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when instructed. While we recommend that you use Schwab or TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account by entering into an account agreement directly with Schwab or TD Ameritrade. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with either custodian, then you will not be able to receive wealth management services from TFA. Not all advisers require their clients to use a particular broker-dealer or other custodian selected by the adviser. Even though your account is maintained at Schwab or TD Ameritrade, we can still use other brokers to execute trades for your account as described below, however TFA elects not to exercise this option and places all trades through Schwab or TD Ameritrade. (see “Your Brokerage and Custody Costs.”)

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability;
- Prior service to us and our other clients; and
- Availability of other products and services that benefit us, as discussed below.

## **SCHWAB**

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on our overall relationship with Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute all trades for your account. We have determined that having Schwab execute all trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including



those listed above.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services — trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services.

**Services That Benefit You.** 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 minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

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 of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or

purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum gives us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

From time-to-time, TFA may make an error in submitting a trade order on your behalf. When this occurs, we will place a correcting trade with Schwab. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, TFA will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

#### **TD Ameritrade**

TFA participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. TFA receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, TFA participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to its clients, although we receive economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving TFA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program benefit us but do not benefit our client accounts. These products or services assist TFA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by TFA or its personnel through participation in the program do not depend on the amount of brokerage transactions

directed to TD Ameritrade. As part of its fiduciary duties to clients, TFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by TFA or its related persons in and of itself creates a conflict of interest and indirectly influences our choice of TD Ameritrade for custody and brokerage services.

We believe our recommendation of Schwab and/or TD Ameritrade is appropriate based on the level of service provided and the appropriate fees charged.

Due to the individual management of client accounts, typically TFA does not aggregate the purchase or sale of securities for various client accounts. However, when appropriate, TFA will trade using “block trades” or aggregating orders of one security for several accounts at once. This results in an average price/share for all accounts included in the trade. Aggregated orders will not reduce the transaction costs to participating clients. We conduct aggregated transactions (block trades) in a manner designed to ensure that no participating client is favored over another client. If the aggregate order is not filled in its entirety when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account.

### **Item 13 – Review of Accounts**

While some clients need and request reviews as frequently as quarterly, we suggest you request a review no less frequently than annually or as agreed by you and your Advisory Representative. You may request more frequent reviews and set thresholds for triggering events that would cause a review to take place. You must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes typically require your Advisory Representative to review the portfolio allocation and make recommendations for changes. Reviewers include senior management and Advisory Representatives of our firm.

Client reviews and portfolio adjustments may be considered when TFA revises its view of a security or asset class relative to other opportunities. Certain economic and market conditions, along with a change in client objectives, risk capacity, risk requirement and risk tolerance may trigger a review of accounts by an Advisory Representative.

You will be provided statements at least quarterly directly from the account custodian. Additionally, you will receive confirmations of all transactions occurring directly from the account custodian. A related firm of the applicant, Rush & Associates, Inc., located at the same address as TFA, maintains additional records of client account values. These records are prepared quarterly. They are sent to clients on a quarterly, semi-annual, or annual basis, depending on the determination of need, or upon your request. You should compare the report with statements received directly from the account custodian. Should there be any discrepancy the account custodian’s report will prevail.

We will periodically review your financial plan in light of your identified needs and objectives. We recommend a full review of financial plans every three to five (3-5) years. Financial plans and progress toward goals are typically discussed and illustrated using software in lieu of written reports. However, financial planning presentations will be provided to clients in written format upon request.

## Item 14 – Client Referrals and Other Compensation

Some product vendors recommended by TFA provide monetary and non-monetary assistance with client events, and provide educational tools and resources. We do not select products as a result of any monetary or non-monetary assistance. The long-term performance of a product that is most appropriate for the client is our first and foremost concern. TFA's due diligence of a product does not take into consideration any assistance it receives. While the receipt of products or services is a benefit for you and us, it also presents a conflict of interest.

We receive an economic benefit from Schwab and TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisers whose clients maintain their accounts at Schwab and TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above. The availability to us of Schwab and TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Our choice of custodian may be influenced by the services that the custodians available to us provide but do not necessarily benefit your account. Such services include software and technology that assist in the management and administration of your account and a mix of services to manage and further develop our business. A conflict of interest exists because when we evaluate whether to recommend that you custody your assets at Schwab or TD Ameritrade, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely factors that are beneficial to you such as nature, cost or quality of custody and brokerage services.

TFA attempts to mitigate the conflicts of interest by notifying you of the conflict. We inform you that you are free to consult other financial professionals. We are bound by our Code of Ethics to act in an ethical manner.

### Client Referrals

TFA may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for Client referrals. TFA is aware of the special considerations promulgated under Section 206(4)-1 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by TFA and all applicable Federal and/or State laws will be observed.

## Item 15 – Custody

TFA does not have physical custody of any client funds or securities. However, under government regulations, we are deemed to have constructive custody of your assets if you:

1. Authorize us to instruct your custodian to deduct our advisory fees directly from your account. Your custodian maintains the actual custody of your assets. You will receive account statements directly from your custodian at least quarterly. They will be sent to the email or postal mailing

address you provided to them. You should carefully review those statements promptly when you receive them. As noted under Item 13C above, you should compare the statement we provide you with your Schwab or TD Ameritrade statement.

2. Set up certain 1st party wire disbursements and/or 3rd Party Standing Letters of Authorization (SLOAs) to direct us to transfer funds or securities from your account to a specified party. TFA complies with the conditions of the safe harbor provisions and is therefore exempt from the annual surprise exam requirement for Advisers that have custody.

## **Item 16 – Investment Discretion**

You may grant TFA authorization to manage your account on a discretionary basis. You will grant such authority to TFA by execution of the advisory agreement. You may terminate the discretionary authorization at any time by giving us written notice.

Additionally, you are advised that:

1. You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
2. Your written consent is required to establish investment management account; and
3. If you elect to implement recommendations through your Advisory Representative, we require the use of Schwab or TD Ameritrade.

## **Item 17 – Voting Client Securities**

TFA does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact your Advisory Representative about questions you may have and opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about TFA's financial condition. TFA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.