

# Farther Asset Management, LLC

# Farther

## Form ADV Part 2 Brochure

**August 1, 2023**

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

415-827-7371

**This brochure provides information about the qualifications and business practices of Farther Asset Management, LLC. If you have any questions about the contents of this brochure, please contact Christopher C. Powers at (415) 827-7371 or [chris@farther.com](mailto:chris@farther.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 Farther Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Farther Asset Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2            Material Changes**

This is Farther Asset Management’s initial Disclosure Brochure.

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#### **Item 4            Advisory Business**

- A. Farther Asset Management, LLC (“FAM”) is a limited liability company formed in the state of Delaware. FAM became registered as an Investment Adviser Firm in June 2023. FAM is solely owned by Farther, Inc., and Mr. Matthews and Mr. Genser are Farther’s founding members.

B.

##### **INVESTMENT ADVISORY SERVICES**

FAM provides discretionary investment advisory services on a *fee* basis.

FAM’s algorithm is designed to keep the holdings within each client’s portfolio within a specified range of the target asset allocation, even when the market prices fluctuate. Client holdings are rebalanced and dividends are reinvested automatically. In general, FAM will consider rebalancing whenever the percentage holding of one or more positions fluctuate 5% above or below its target allocation.

The rebalancing process is automated and not limited to number or frequency of rebalances. As a result, there is a possibility that FAM may sell overrepresented positions and use the proceeds to buy underrepresented positions to bring portfolios towards its target allocation without taking into account individual tax consequences or market circumstances.

It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant’s previous recommendations and/or services.

##### **FAM WRAP PROGRAM**

FAM sponsors the FAM Wrap Program (the “Program”) through which it offers all of its discretionary investment management services. The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Wrap Program participants.

Under the Program, FAM is able to offer participants discretionary investment advisor services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees.

The current annual Program fee generally ranges from 0.25% to 0.45%, depending upon the complexity of the account, the amount of the client assets in the Program and the independent/separately managed accounts utilized by the client’s investment portfolio.

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both the Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. When managing a client's account on a wrap fee basis, FAM shall receive as payment for its asset management services, the balance of the wrap fee after all other non-excluded costs incorporated into the wrap fee have been deducted. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by FAM for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

**Wrap Program-Conflict of Interest.** Under FAM's wrap program, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. When managing a client's account on a wrap fee basis, FAM shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

Because wrap program transaction fees and/or commissions are being paid by FAM to the account custodian/broker-dealer, FAM has an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account.

#### **MISCELLANEOUS**

**No Financial Planning or Non-Investment Consulting/Implementation Services.** FAM does not provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. FAM does not serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as legal, accounting, or insurance implementation services. Accordingly, we do not prepare estate planning documents, tax returns or sell insurance products.

The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Cash Positions.** FAM continues to treat cash as an asset class. As such, unless determined to the contrary by FAM, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating FAM's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), FAM may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, FAM's advisory fee could exceed the interest paid by the client's money market fund.

When the account is holding cash positions, those cash positions will be subject to the same fee schedule as set forth below.

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the

custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, FAM generally purchases a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless FAM reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

**Unaffiliated Private Investment Funds.** FAM also provides investment advice regarding private investment funds. FAM, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. FAM's role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of FAM calculating its investment advisory fee. FAM's fee shall be in addition to the fund's fees. FAM's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Valuation.** In the event that FAM references private investment funds owned by the client on any supplemental account reports prepared by FAM, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value.

As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, FAM shall calculate its fee based upon the latest value provided by the fund sponsor.

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and

may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If FAM recommends that a client roll over their retirement plan assets into an account to be managed by FAM, such a recommendation creates a conflict of interest if FAM will earn new (or increase its current) compensation as a result of the rollover. If FAM provides a recommendation as to whether a client should engage in a rollover or not, FAM is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by FAM.

**Account Aggregation Reporting Services.** FAM uses account aggregation software, which can incorporate client investment assets that are not part of the assets that FAM manages (the "Excluded Assets"). Unless agreed to otherwise, in writing, the client and/or their other advisors that maintain trading authority, and not FAM, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless also agreed to otherwise, in writing, FAM does not provide investment management, monitoring or implementation services for the Excluded Assets. The client can engage FAM to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between FAM and the client.

**Use Mutual Funds and Exchange Traded Funds.** FAM may recommend that clients allocate investment assets to publicly available mutual funds and/or ETFs that the client could obtain without engaging FAM as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds or ETFs without engaging FAM as an investment adviser, the client or prospective client would not receive the benefit of FAM's initial and ongoing investment advisory services.

**Portfolio Activity.** FAM has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, FAM will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when FAM determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

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

**Cybersecurity Risk.** The information technology systems and networks that FAM and its third-party service providers use to provide services to FAM's clients employ various

controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in FAM's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and FAM are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although FAM has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that FAM does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Disclosure Statement.** A copy of FAM's written Brochure as set forth on Part 2 of Form ADV and Client Relationship Summary as set forth in Form CRS shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

- C. FAM shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s).
- D. As discussed above, FAM only provides its investment management services on a wrap fee basis. If a client determines to engage FAM, the client will pay a single fee for bundled services (i.e., investment advisory, brokerage, custody) (*See* Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need.

When managing a client's account on a wrap fee basis, FAM shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

- E. As of June, 2023, FAM had \$0 in assets under management on a discretionary basis.

## **Item 5            Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

Under the Program, FAM is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees, and in some instances, fees charged by independent managers and/or separately managed accounts.

The current annual Program fee ranges from 0.25% to 0.45%, of assets under management, depending upon the complexity of the account, the amount of the client assets in the

Program and the independent/separately managed accounts utilized by the client's investment portfolio.

FAM's Program generally includes tax loss harvesting services. However, when managing tax deferred accounts, FAM cannot implement its tax loss harvesting strategies. Therefore, FAM will generally discount its Program fee for tax deferred accounts by ten basis points (.10%).

Clients may be responsible for, but not limited to, fees for trades executed away from the account's custodian, trustee fees, mutual fund internal expenses, ETF internal expenses, mark-ups, mark-downs, transfer taxes, fees charged by independent managers and/or separately managed accounts (when such managers require the client to enter into a dual contract relationship) odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (Such fees are in addition to any fees paid by the client to FAM and are between the client and the account custodian). These fees are in addition to FAM's Program fee.

- B. Clients may elect to have FAM's advisory fees deducted from their custodial account. Both FAM's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of FAM's investment advisory fee and to directly remit that management fee to FAM in compliance with regulatory procedures. In the limited event that FAM bills the client directly, payment is due upon receipt of FAM's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, FAM generally recommends that Charles Schwab Corporation ("Schwab"), Apex Clearing Corporation, ("Apex"), Fidelity Investments ("Fidelity") and/or Pershing, LLC ("Pershing") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab, Apex, Fidelity and Pershing charge brokerage commissions and/or transaction fees for effecting certain securities transactions. However, under FAM's Program, FAM shall generally be responsible for these fees.
- D. FAM's annual investment advisory fee shall be prorated and paid monthly, in advance, based upon the market value of the assets, on the last business day of the previous month.

The Investment Advisory Agreement between FAM and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, FAM shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither FAM, nor its representatives accept compensation from the sale of securities or other investment products.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither FAM nor any supervised person of FAM accepts performance-based fees.



## Item 7           Types of Clients

FAM's clients shall generally include individuals, trusts and estates.

FAM, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, householdings of related accounts, account composition, negotiations with client, etc.).

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

A. FAM may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

FAM may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by FAM) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

Investors generally face the following types investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices 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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- 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.

- **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.
- **Liquidity Risk**: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders 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.

B. FAM's method of analysis and investment strategy does not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis FAM must have access to current/new market information. FAM has no control over the dissemination rate of market information; therefore, unbeknownst to FAM, certain analyses may be compiled with outdated market information, severely limiting the value of FAM's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

FAM's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

**Borrowing Against Assets/Risks**. A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk

to the client's investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, FAM does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). FAM does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to FAM:

- by taking the loan rather than liquidating assets in the client's account, FAM continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by FAM, FAM will receive an advisory fee on the invested amount; and,
- if FAM's advisory fee is based upon the higher margined account value, FAM will earn a correspondingly higher advisory fee. This could provide FAM with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

#### **Options Strategies.**

In limited situations, generally upon client direction and/or, FAM may engage in options transactions (or engage an independent investment manager to do so) for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of "hedging" a potential market risk in a client's portfolio and/or generating income for a client's portfolio.

Certain options-related strategies (i.e., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct FAM, in writing, not to employ any or all such strategies for their accounts.

#### **Covered Call Writing.**

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

- C. Currently, FAM primarily allocates client investment assets among various exchange traded funds, mutual funds, individual equities and fixed income securities on a discretionary basis in accordance with the client's designated investment objective(s).

FAM may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation models described below. FAM's asset allocation model administration has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to FAM's management of client assets asset allocation models:

1. Initial Interview – at the opening of the account, FAM, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly FAM shall notify the client to advise FAM whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, FAM shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – FAM shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct FAM not to purchase certain securities;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

FAM believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, FAM's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to FAM's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

FAM's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## **Item 9            Disciplinary Information**

FAM has not been the subject of any disciplinary actions.

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

- A. Neither FAM, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither FAM, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing
- C. Affiliated Investment Adviser Firm. FAM is under common ownership with Farther Finance Advisors, LLC (“Farther”), an affiliated, SEC Registered investment advisor firm (SEC# 801-116721). Farther provides discretionary investment management services via its online platform. FAM has engaged Farther to provide sub-advisory services in connection with FAM’s discretionary investment management of client assets. Clients do not pay an additional fee as a result of this sub-advisory relationship.

Affiliated Licensed Insurance Agency/Agents. Farther Insurance Group, LLC is an affiliated licensed insurance agency. Furthermore, certain of FAM’s representatives, in their individual capacities, are licensed insurance agents. FAM and/or its representatives may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of FAM’s representatives to purchase insurance products on a commission basis.

The recommendation by representatives of FAM that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from representatives of FAM or through Farther Insurance Group, LLC in its capacity as a licensed insurance agency. Clients are reminded that they may purchase insurance products recommended by FAM through other, non-affiliated insurance agencies and/or agents.

- D. FAM may recommend, for compensation, the third-party plan administrator services of NestEggs, an independent third-party plan administrator. NestEggs may also, from time-to-time, refer plan sponsors to FAM for Retirement Plan Services (See Items 4 and 5 above). In addition to the compensation received from NestEggs for referrals, FAM has an incentive to recommend NestEggs based upon the client introductions may to FAM by NestEggs. No client or perspective client is obligated to engage the services of NestEggs. Furthermore, FAM shall not receive any referral compensation from NestEggs in connection with any plan for which Father services as an ERISA fiduciary.

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

- A. FAM maintains an investment policy relative to personal securities transactions. This investment policy is part of FAM's overall Code of Ethics, which serves to establish a standard of business conduct for all of FAM's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, FAM also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by FAM or any person associated with FAM.

- B. Neither FAM nor any related person of FAM recommends, buys, or sells for client accounts, securities in which FAM or any related person of FAM has a material financial interest.
- C. FAM and/or representatives of FAM may buy or sell securities that are also recommended to clients. This practice may create a situation where FAM and/or representatives of FAM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if FAM did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of FAM's clients) and other potentially abusive practices.

FAM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of FAM's "Access Persons." FAM's securities transaction policy requires that Access Person of FAM must provide the Chief Compliance Officer or his/her designee with online access to their holdings and securities transactions for monitoring and verification purposes.

- D. FAM and/or representatives of FAM *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where FAM and/or representatives of FAM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11C, FAM has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of FAM's Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that FAM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct FAM to use a specific broker-dealer/custodian), FAM generally recommends that investment management accounts be maintained at Schwab, Apex, Fidelity or Pershing. Prior to engaging FAM to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with FAM setting forth the terms and

conditions under which FAM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/ custodian.

Factors that FAM considers in recommending Schwab, Apex, Fidelity or Pershing (or any other broker-dealer/custodian to clients) include historical relationship with FAM, financial strength, reputation, execution capabilities, pricing, research, and service.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although FAM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. FAM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, FAM may receive from Schwab, Apex, Fidelity or Pershing (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist FAM to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by FAM may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by FAM in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist FAM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist FAM to manage and further develop its business enterprise.

There is no corresponding commitment made by FAM to Schwab, Apex, Fidelity, Pershing or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

FAM's Chief Compliance Officer, Christopher Powers, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.

2. FAM does not receive referrals from broker-dealers.
3. FAM does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such

client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and FAM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by FAM. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs FAM to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through FAM. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that FAM provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless FAM decides to purchase or sell the same securities for several clients at approximately the same time. FAM may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among FAM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. FAM shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom FAM provides investment supervisory services, account reviews are conducted on a periodic basis by FAM's representatives, at least annually. All investment supervisory clients are advised that it remains their responsibility to advise FAM of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with FAM on an annual basis.
- B. FAM may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. FAM may also provide a written periodic report summarizing account activity and performance.



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

- A. As referenced in Item 12.A.1 above, FAM may receive an economic benefit from Schwab, Apex, Fidelity or Pershing. FAM, without cost (and/or at a discount), receives support services and/or products from Schwab, Apex, Fidelity and Pershing.

There is no corresponding commitment made by FAM to Apex, Schwab, Fidelity or Pershing or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

FAM's Chief Compliance Officer, Christopher Powers, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.

- B. FAM engages independent promoters to provide endorsements. If a client is referred to FAM by a promoter, this practice is disclosed to the client in writing by the promoter and FAM pays the promoter out of its own funds—specifically, FAM generally pays the promoter a portion of the advisory fees earned for managing the capital of the client or investor that was referred. The use of promoters is strictly regulated under applicable federal and state law. FAM's policy is to fully comply with the requirements of Rule 206(4)-1, under the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.

## **Item 15            Custody**

FAM shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Clients are provided, at least monthly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. FAM may also provide a written periodic report summarizing account activity and performance.

To the extent that FAM provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by FAM with the account statements received from the account custodian.

The account custodian does not verify the accuracy of FAM's advisory fee calculation.

## **Item 16            Investment Discretion**

The client can determine to engage FAM to provide investment advisory services on a discretionary basis. Prior to FAM assuming discretionary authority over a client's account, client shall be required to execute an Investment Advisory Agreement, naming FAM as client's attorney and agent in fact, granting FAM full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage FAM on a discretionary basis may, at any time, impose restrictions, in writing, on FAM's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe FAM's use of margin, etc.).

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

- A. FAM does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact FAM to discuss any questions they may have with a particular solicitation.

#### **Item 18          Financial Information**

- A. FAM does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. FAM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. FAM has not been the subject of a bankruptcy petition.