

# SECURITY FIRST ADVISORS, INC.

Main Office:  
12703 SW 67th Avenue  
Portland, OR 97223

Branch Office:  
9200 Sunnyside Boulevard, Suite 170  
Clackamas, OR 97015

Phone: (503) 274-4224

Website: [www.sfainc.us](http://www.sfainc.us)

December 19, 2023

This Brochure provides information about the qualifications and business practices of Security First Advisors, Inc. If you have any questions about the contents of this Brochure, you may contact us by telephone at (503) 274-4224 or by e-mail [aaron@sfainc.us](mailto:aaron@sfainc.us) to obtain answers and additional information. Security First Advisors, Inc. is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”). Registration of an investment advisor does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Security First Advisors, Inc. (CRD No. 117502) is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The date of our previous annual update to this Brochure was March 22, 2023. Since the date of that Brochure, we have the following material changes to disclose:

- Effective November 27, 2023, Security First Advisors, Inc. (“SFA”) was acquired by Pinnacle Wealth Advisors, Inc. (“PWA”). As of the foregoing date, SFA is now owned and controlled by PWA’s principals, Aaron Christopherson, CFP®, and Randy Gay, C(k)P®. Mr. Christopherson is now SFA’s Chief Compliance Officer and President.
- Coinciding with the change in SFA’s ownership, SFA now operates a branch office located at 9200 Sunnyside Boulevard, Suite 170, Clackamas, Oregon 97015.
- Our Washington office located at 6306 East Evergreen Boulevard, Vancouver, Washington 98661 has been closed. Our main offices remain located at 12703 SW 67th Avenue, Portland, Oregon 97223.
- Items 5 and 10 were amended to disclose the above ownership changes as well as additional alternative investments Cobalt Development, LLC, Capital Preservation 200, LLC, 120 UP, LLC, and Eleva Members, LLC.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included within our Brochure available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is set forth on the cover page of this document. Clients will further be provided with disclosure about material changes affecting our firm or a new brochure, as may become necessary or appropriate from time-to-time, without charge.

Currently, our Brochure may be requested by contacting Aaron Christopherson, CFP®, Chief Compliance Officer at (503) 274-4224 or [aaron@sfainc.us](mailto:aaron@sfainc.us). Our Brochure is provided free of charge.

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#### Item 4 – Advisory Business

**A Our Firm.** Security First Advisors, Inc. (“SFA,” “firm,” “we,” “us,” and “our”) is an independent SEC registered investment advisor firm with primary offices located in Portland, Oregon. We also operate a branch office located in Clackamas, Oregon. The firm has been in business since 1981 and first became registered as an investment advisor in 1992. The owner of the firm is REM 22, Inc., which is a holding company wholly owned by Pinnacle Wealth Advisors, Inc. (“PWA”) PWA is an independent SEC registered investment advisor firm owned and controlled by Aaron Christopherson, CFP®, and Randy Gay, C(k)P®.

**B C Our Services.** We are investment managers with both active and passive investment strategies providing portfolio management for individuals, businesses or institutional clients. We also assist our clients with the selection of other advisors. We invest in both public and private equity securities, warrants, public and private corporate debt securities, certificates of deposit, municipal securities, investment company securities, U.S. Government securities, option contracts and interests in partnerships. See Item 8 for a description of our investment strategy.

Advice and services are tailored to the stated objectives of the client(s). We discuss with the client in detail critically important information such as the client’s risk tolerance, time horizon, and projected future needs, to formulate an investment strategy. This strategy guides us in objectively and suitably managing the client’s account. We meet with clients as needed to review portfolio performance, discuss current issues, and re-assess goals and plans. After client assets are invested, we continuously monitor their investments and provide advice related to ongoing financial and investment needs. We are objective advisors, and we always put our clients’ interests first.

Clients may impose restrictions on investing in certain securities and types of securities. We have non-discretionary authority over client funds and we must first obtain client approval prior to executing any transactions in account(s).

We also offer financial planning services either combined with ongoing asset management or as a stand-alone service. SFA will gather initial data from the client to determine a scope of work that may include, but is not limited to, education funding analysis, retirement feasibility, estate planning and wealth transfer analysis, pension and profit sharing design, and review of any items contained in the comprehensive plan. Additional details regarding the nature of our financial planning services are contained in Item 5 of this Brochure.

**D Wrap Fee Programs.** We do not participate in or sponsor any wrap fee programs.

**E Assets Under Management.** As of December 31, 2022, we are managing approximately \$219,419,788 of client assets on a non-discretionary basis and no client assets (\$0) on a discretionary basis.

## Item 5 – Fees and Compensation

- A Our Fees.** We charge clients an asset-based management fee on a quarterly basis. This fee may include basic periodic financial planning services and is calculated based on a percentage of the value of the client’s assets under management with SFA.

Our standard asset management fee schedules are negotiable but will not exceed the following:

Assets Under Management	Annual Fee
\$0 - \$1,000,000	2.00%
\$1,000,001 - \$4,999,999	1.50%
\$5,000,000 - \$9,999,999	1.00%
\$10,000,000 and above	0.50%

SFA also provides financial planning services for a fee that is not associated with asset management, or for those clients who may not need full asset management services.

Financial planning services may include one or more of the services listed below:

### CORE FINANCIAL PLANNING

- Goals and objectives – development and clarification;
- Cash flow analysis – pre-retirement budgeting;
- Cash flow analysis – post-retirement income replacement plan;
- Preparation of a Statement of Financial Position (net worth statement);
- Retirement plan – feasibility, sustainability, and “what-if” illustrations;
- Pension analysis;
- Social security planning;
- Required minimum distribution and qualified charitable distribution planning; and
- Education funding planning.

### PORTFOLIO ANALYSIS

- Portfolio holdings analysis;
- Risk tolerance profile;
- Portfolio design; and
- Tax efficiency strategies.

### RISK MANAGEMENT

- Life insurance needs analysis;
- Disability insurance needs analysis;
- Long-term care insurance needs analysis; and
- Asset protection planning.

### ESTATE PLANNING

- Estate plan review;
- Beneficiary and registration review;
- Inherited assets and distribution choices;

- d. Charitable giving plan;
- e. Generational wealth transfer strategies; and
- f. Estate tax minimization strategies.

An estimated cost for completing the agreed upon scope of work will be provided to the client in advance at a rate of \$125 - \$395 per hour depending on the nature of the work and whether the work is being performed at the staff, associate or partner level.

SFA may also provide project and/or consulting services for a particular task requested by a client. Projects or consultations are generally performed on a one-time or limited basis, rather than ongoing. Our project/consulting fee is normally determined with reference to the size and complexity of the scope of work, the estimate of time involvement and the level of personnel (staff, associate, or partner) who will be devoted to a given project. Based on these particular factors, our project and/or consulting fees may range generally from \$500 - \$7,500.

A separate Life/Wealth Letter of Engagement Agreement will specify the work provided by us and the fee to be paid by the client.

In some instances, we may recommend that all or a portion of the client's assets be managed by an unrelated sub-advisor for active trading. Under these circumstances, we are paid a portion of a Client's advisory fee that is paid to the sub-advisor. These arrangements are more fully disclosed in Item 10, below. Active trading accounts may have higher rates, which are determined on an individual basis.

**B Fee Payment Procedures.** Fees based on hourly rates, or project/consulting work are billed to the client via invoice. All fees for assets under management are generally deducted directly from client accounts. Should a client desire to pay advisory fees from a different account, SFA must receive written instructions from the client in advance. Except for accounts managed through certain sub-advisors, all fees for assets under management are deducted quarterly in arrears. Payment of fees may result in the liquidation of the client's securities if there is insufficient cash in the account. The fee is based on the closing market value of the client's account on the last trading day of the prior quarter.

Market value means the value of all assets in the account. To determine value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded (or, if there shall be no sales on such date, then at the mean between the closing bid and asked prices on such date). Other readily marketable securities and other instruments shall be priced using a pricing service or through quotations from one or more dealers. In a situation where less actively traded securities do not have readily available market quotations, the Advisor will take steps to ensure that an appropriate valuation methodology is used to determine the value of the security. In the event the client disputes the value assessed by SFA, we will seek to obtain and document price information from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source.

**C Additional Costs.** Clients pay brokerage transaction costs, custodial fees, and other charges (wire fees, mark-ups, spreads, etc.) directly to the custodian and executing broker of their assets.

See Item 12 for more information regarding our brokerage practices. Clients are also required to pay, in addition to SFA's advisory fees, any sub-advisor fees and their proportionate share of any exchange traded fund's ("ETF") or mutual fund's internal fees and charges. For example, even a non-profit, no-load, mutual fund's operating expenses are paid out of the fund and are an additional expense incurred by the client.

Our advisory fees include the time and activities necessary to work with client's attorney, accountant, or other third-parties in reaching agreement on solutions, as well as assisting those third-parties in implementation of all appropriate documents. However, we are not responsible for attorney, accountant, or other third-party fees charged to a client as a result of these activities.

**D Termination of Our Services.** Clients pay our investment supervisory and/or management fees quarterly in arrears. Upon termination, accounts will be billed through the last day of service.

Generally, sub-advisor fees are also deducted quarterly in arrears. However, certain sub-advisors may deduct their fees from client accounts quarterly in advance. Upon termination of an account managed through a sub-advisor, any unearned fees are returned pro-rata to the client.

Project/Consulting services generally require a prepayment of advisory fees in the amount of 50% of the project cost up front. The remaining 50% is due and payable upon completion of the project. We will invoice clients for hourly rate services/projects.

Upon termination of any account or project, any unearned advisory fees paid in advance (if any) will be promptly refunded by SFA. Any advisory fees that have been earned by SFA but not yet paid by the client will be immediately due and payable.

A client may terminate any agreement within five (5) business days of signing and all fees will be refunded. After five (5) days, any unearned fees for work not yet completed by SFA will be refunded and any fees which have been earned by SFA but which remain unpaid will become due to SFA. The client or SFA may terminate services by written notice.

**Compensation for Sale of Certain Securities and Insurance Products.** Certain associated persons of SFA, including Evan Russell and Ronald Wilkinson, receive additional indirect compensation resulting from client investments in Westridge Lofts LLC, Boulder Ridge LLC, First Street Station, LLC, SFA Commercial LLC, Cobalt Development, LLC, Romano Capital Investment Fund LLC, Eleva LLC, Eleva Members, LLC, Riverside Townhomes OZ, LLC, Capital Preservation 200, LLC, 120 UP, LLC, and/or other related limited liability companies.

SFA's investment advisor representatives will recommend investments affiliated with the above-referenced entities to clients when appropriate and in the client's best interests to do so. Clients are advised that our investment advisor representatives are financially incentivized to recommend such investments over others because of the indirect compensation that they will receive from management fees and/or their ownership interests in such entities. This is a conflict of interest that clients should consider before investing in any of the foregoing entities or their affiliated business entities. SFA's associated persons will only recommend such investments to SFA clients when suitable, appropriate, and in the client's best interests to do so, honoring SFA's ongoing fiduciary duty to its clients. We encourage clients to inquire about the foregoing

conflicts of interest prior to investing in any of the above referenced entities. Please also see Item 10 for additional information.

Certain associated persons of SFA are independently licensed to sell insurance in one or more states and may act in their individual capacity as direct agent representatives of a specific insurance company or companies. Insurance related business may be transacted with advisory clients and licensed individuals may receive commissions and fees as a result of the sale of insurance products or services to clients. The fees paid to SFA and/or its associated persons for investment advisory services are separate and distinct from any commissions and fees earned by our associated persons for selling insurance products or services to clients. The receipt of insurance-related commissions or fees by any individual associated with our firm presents a conflict of interest. As fiduciaries, we must act primarily for the benefit of our investment advisory clients. We will only transact insurance related business with clients when fully disclosed, suitable, and appropriate.

Clients are under no obligation to use any individual associated with our firm for the purchase of any securities or insurance products or services. We encourage you to ask us about the conflicts of interest presented by the insurance licensing of our associated persons.

Dual Registration of Investment Advisor Representatives. For purposes of client account administration and to ensure the orderly transition of client accounts to our affiliate, PWA, certain associated persons of SFA are dually registered as investment advisor representatives of PWA. It is expected that such dually registered persons will recommend that clients migrate their accounts to PWA in the future, as PWA and SFA seek to consolidate their respective investment advisory businesses over time.

#### Rollover Recommendations

As part of our investment advisory services to you, we may recommend that you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (*i.e.*, receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours.

Under this special rule's provisions, we must:



- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of yours when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in your best interests;
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

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

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

As an alternative to providing you with a rollover recommendation, we may instead take an entirely educational approach in accordance with the U.S. Department of Labor's Interpretive Bulletin 96-1. Under this approach, our role will be limited only to providing you with general educational materials regarding the pros and cons of rollover transactions. We will make no recommendation to you regarding the prospective rollover of your assets and you are advised to speak with your trusted tax and legal advisors with respect to rollover decisions. As part of this educational approach, we may provide you with materials discussing some or all of the following topics: the general pros and cons of rollover transactions; the benefits of retirement plan participation; the impact of pre-retirement withdrawals on retirement income; the investment options available inside your Plan Account; and high level discussion of general investment concepts (*e.g.*, risk versus return, the benefits of diversification and asset allocation, historical returns of certain asset classes, etc.). We may also provide you with questionnaires and/or interactive investment materials that may provide a means for you to independently determine your future retirement income needs and to assess the impact of different asset allocations on your retirement income. You will make the final rollover decision.

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

We do not charge any performance-based fees for our services. Accordingly, this Item 6 is not applicable to our firm.

## Item 7 – Types of Clients

We provide investment advice to individuals, businesses, pension and profit-sharing plans, institutional clients and trusts and estates. Because each client is unique, they must be willing to be involved in the planning and ongoing processes. Such involvement does not have to be time consuming, however we want our clients to remain informed and have a sense of security about their investments.

We have no minimum investable asset requirements or minimum fees to either begin or maintain a relationship with SFA. We will not turn away a potential client, or terminate the relationship with a current client, based solely on their net worth. However, our investment strategy works best for clients with more than \$300,000 in investable assets.

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

**A Methods of Analysis and Investment Strategies.** SFA will gather initial data from the client to quantify and qualify a client's needs and goals. Risk tolerance, cash flow needs, and time constraints (among other factors) are considered in the portfolio creation process.

We research and analyze securities using technical, charting, cyclical, and/or fundamental analysis.

*Technical analysis* involves the analysis of past market data; primarily price and volume. This strategy attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows perceptible patterns, which if identified a prediction can be made. The risk is that markets do not always follow patterns. Relying solely on this method may not work long term.

*Charting analysis* involves the use of patterns in performance charts. We use this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security. This type of analysis involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

*Cyclical analysis* involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. This strategy assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are first, that the markets do not always repeat cyclical patterns, and second, that if too many investors begin to implement this strategy, it changes those very cycles they are trying to take advantage of.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. This type of analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

The main sources of information we rely upon when researching and analyzing securities include financial publications, inspection of corporate activities, research materials prepared by others, corporate ratings services, company press releases and filings with the Securities and Exchange Commission. We may employ portfolio management software in order to construct efficient risk and return investment models that will appropriately correspond to the client's risk tolerance and financial goals.

Our primary investment strategies used to implement investment advice given to clients include long-term (securities held at least one year) and short-term (securities sold within a year) purchases and occasional trading (securities sold within 30 days).

**B Summary of Investment Risks.** We use our best judgment and good faith efforts in rendering services to clients. However, all investments involve risk of loss that clients should be prepared to bear. We cannot warrant or guarantee any particular level of account performance or that client accounts will be profitable over time. Not every investment recommendation we make will be profitable. Clients assume all market risk involved in the investment of their account assets. Investments are subject to various market, currency, economic, political and business risks.

**C Investment Risks Related to Recommended Investments.** While all investing involves risks and losses can and will occur, we generally recommend a broad and diversified allocation of securities and other investments intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of specific investment risks. This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.

*Risk of Loss:* Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

*Economic Risk:* The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy

than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

*Financial Risk:* Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the “dot com” companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

*Market Risk:* The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company’s intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security’s price due to company specific events (*e.g.*, earnings disappointment or downgrade in the rating of a bond) or general market risk (*e.g.*, such as a “bear” market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

*Interest Rate Risk:* Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

*Sub-Advisor Risk:* A sub-advisor’s past track record of success cannot be relied upon as a predictor of success in the future. In addition, where a sub-advisor is engaged, the underlying holdings of your account are determined by the sub-advisor directly and may change overtime without advance warning to us, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a sub-advisor may deviate from the stated investment mandate or strategy of the account, which could make the holding(s) less suitable for your portfolio. Our firm does not control any sub-advisor’s daily business and compliance operations, and thus our firm may be unaware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

*Risks Related to Analysis Methods:* Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, the rating agencies that review

these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

*Securities Transactions at the Direction of Clients:* All assets are held at the custodian in your name. You will typically maintain the concurrent ability to direct transactions within your account. We are not responsible for the consequences of your self-directed investment transactions or the costs and fees they generate within your account.

*Interim Changes in Client Risk Tolerance and Financial Outlook:* The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in the client's financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences. It is the responsibility of the client to give us complete information and to notify us of any changes in financial circumstances or goals.

## Item 9 – Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with SFA has any information to disclose which is applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

- A Broker-Dealer and Futures Registration.** SFA and its associated persons are not registered as and do not intend to become registered as a broker-dealer, futures commissions merchant, commodity trading advisor, or commodity pool operator or associated persons of any of the foregoing.
- B Material Relationships.** Westridge Lofts LLC, Boulder Ridge LLC, First Street Station, LLC, Eleva LLC, Eleva Members, LLC, Riverside Townhomes OZ, LLC, Cobalt Development, LLC, Capital Preservation 200, LLC, and 120 UP, LLC may pay fees of up to two percent to SFA. Romano Capital Investment Fund LLC may pay fees to the fund manager, Capital Preservation Management, LLC, an investment advisory firm registered in the State of Washington that is not affiliated with SFA. In turn, Capital Preservation Management, LLC may distribute fees of up to two percent to SFA for certain ongoing due diligence and related advisory services.

Due to the relationship between the entities, SFA and certain of its associated persons receive indirect compensation from these offerings, as described above. SFA is a member and the manager of SFA Commercial, LLC and Evan Russell and his spouse are indirect owners as members through a limited liability company they control. SFA Commercial, LLC was formed

to raise capital, make, purchase, hold, manage and dispose of short-term commercial loans secured by real property.

Individual investment advisor representatives of SFA may offer membership interests in Westridge Lofts LLC, Boulder Ridge LLC, First Street Station, LLC, SFA Commercial LLC, Cobalt Development, LLC, Romano Capital Investment Fund LLC, Eleva LLC, Eleva Members, LLC, Riverside Townhomes OZ, LLC, Capital Preservation 200, LLC, 120 UP, LLC, or other offerings to investment advisory clients, when appropriate. In offering these securities to their clients, these representatives are incentivized to recommend that clients purchase membership interests in these entities rather than other products because of the compensation that they will receive. Nevertheless, investment advisor representatives affiliated with SFA will only recommend membership interests in affiliated offerings when suitable for SFA's clients, in-line with SFA's fiduciary duty, and in amounts that are consistent with the client's investment objectives.

Please also see Items 5, 10, 12 and 14 of this Brochure for more information.

- C Recommendation of Third Parties.** We may, on occasion, recommend that all or a portion of a client's assets be managed by an unaffiliated sub-advisor. Fees charged by a sub-advisor will be fully disclosed to clients. Sub-advisory fees may be deducted directly from client accounts and may result in increased fees to the client. Clients may be required to execute a limited power of attorney with a sub-advisor selected by us.

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

- A Our Code of Ethics.** SFA has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

A copy of the code of ethics is available to any client or prospective client upon request. Our clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Aaron Christopherson, CFP® at (503) 274-4224 or aaron@safinc.us.

- B-D Material Interests in Securities Recommended to Clients; Personal Trading.** As noted throughout this Brochure, certain associated persons of SFA have management interests or controlling ownership in companies or investments that we recommend for purchase to certain clients. This creates a financial incentive for our associated persons to recommend these companies to clients. Accordingly, in all such cases, disclosure of this conflict of interest is made to the client and interests in such companies are recommended only when appropriate and in line with the client's investment needs and objectives.

SFA or individuals associated with our firm may buy and sell some of the same securities for their own account that SFA buys and sells for its clients. When appropriate, we will purchase or



sell securities for clients before purchasing the same for our account or allowing representatives to purchase or sell the same securities for their own account. In some cases, SFA or its representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our clients. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory clients while at the same time, allowing employees to invest their own accounts.

SFA will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of SFA shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of SFA shall prefer his or her own interest to that of the advisory client.
2. SFA obtains records of securities holdings for itself and for anyone associated with its advisory practice who has access to advisory recommendations and client portfolio information. An appropriate management person of SFA reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

## Item 12 – Brokerage Practices

**A Recommendation of Broker-Dealers; Best Execution.** Our clients' assets are held by independent third-party custodians. Except to the extent that the client directs otherwise, we may use our discretion in recommending the broker-dealer and/or custodian. The client is not obligated to effect transactions through any broker-dealer or custodian recommended by us. In recommending broker-dealers and custodians, we will comply with our fiduciary duty to seek best execution and with the Securities Exchange Act of 1934. We will take into account such relevant factors as:

- price;
- the custodian's facilities, reliability, and financial responsibility;
- the ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- the research and related brokerage services provided by such custodian to SFA, if any, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and

- any other factors that we consider to be relevant.

Generally speaking, we will recommend that clients establish a custodial account with SEI Private Trust (“SEI”), so long as SEI continues to meet the above criteria. We work primarily with SEI for administrative convenience and also because SEI offers a good value to our clients for the transaction costs and other costs incurred. We reserve the right to decline acceptance of any client account for which the client directs the use of a particular broker if we believe that this choice would hinder either our fiduciary duty to the client or our ability to service the account.

**Directed Brokerage.** If the client selects a custodian other than the custodian we recommend for custody and execution of transactions (i.e., client directed brokerage), you are advised that we may be unable to seek best execution of your transactions and your commission costs may be higher than those experienced by clients who elect to utilize our recommended custodian. In addition, where you direct brokerage, we may place orders for your transactions after we place transactions for clients using our recommended custodians. We reserve the right to reject your request to use a particular custodian other than a custodian if such selection would frustrate our management of your account, or for any other reason.

**Soft Dollars.** Custodians of client assets may provide us with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). This is commonly referred to as a “soft dollar” arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges paid by the client may be used to pay for research that is not used in managing that specific client’s account. Your account may pay to a broker-dealer a charge greater than another qualified broker-dealer might charge to affect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

**Benefits Received from SEI.** SEI provides services which may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. SEI also makes available to SFA other products and services that benefit us but may not directly benefit client accounts. Some of these other products and services assist us in managing and administering clients accounts. These include software and other technology that provide access to client account data, provide research, facilitate payment of our fees from client accounts and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SFA’s accounts.

SEI may also provide SFA with other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, SEI may make available, arrange, and/or discount these types of services to SFA by independent third-parties. SEI may discount or waive fees that it would otherwise charge for some of these services, or pay all or a part of the fees charged by a third-



party for providing these services to us. The availability of the foregoing products and services is not contingent on SFA committing to SEI any specific amount of business (assets in custody or trading). However, clients should bear in mind that we have a financial incentive to continue to recommend SEI's services to clients to assure that we continue to receive these benefits at little or no cost.

SFA is required to periodically evaluate, and has determined in good faith, based on the "best execution" policy stated above that transaction fees are reasonable in relation to the value of the services provided.

- B Trade Aggregation.** Due to our non-discretionary method of advising client accounts (i.e., we must obtain client permission prior to implementing investment transactions), we do not aggregate the purchase or sale of securities across client accounts. Most trades in client accounts involve mutual funds and ETFs where trade aggregation does not provide any benefit to our clients.

### Item 13 – Review of Accounts

- A Routine Account Reviews.** The frequency of reviews for investment advisory clients is determined based on the client's investment objectives. Accounts are generally reviewed quarterly, but in any event, no less than annually.

SFA recommends that financial planning clients have a review either annually or in the event of any substantial change in the client's situation. It is the client's responsibility to notify SFA of such changes. Recommendations, if any, will be implemented entirely at the client's discretion. However, the client is under no obligation to engage the services of SFA for review. The reviewer will usually be the advisor who originally presented the plan to the client. Our financial professionals will review plans periodically, but no less than annually, to ensure that plans conform to generally accepted standards in the financial planning community.

- B More Frequent Account Reviews.** More frequent reviews may be triggered by a change in the client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in the economic climate.

- C Reports.** Investment advisory clients receive standard account statements from the custodian of their accounts no less than quarterly. SFA may also provide clients with periodic written reports summarizing the account activity and performance. Along with these reports, we discuss comparisons to indices performance.

Stand-alone financial planning clients do not normally receive investment reports. Financial planning Clients can initiate reviews with us if they have changes in their personal circumstances or concerns.

### Item 14 – Client Referrals and Other Compensation

**Additional Compensation.** As disclosed under Items 5 and 10 above, certain associated persons of SFA receive indirect or direct compensation in connection with their roles with SFA Commercial LLC,

as well as other offerings. Any client conflicts of interest are mitigated by the fact that clients are under no obligation to participate in the investment opportunities that may be available through SFA Commercial LLC or other offerings. Additionally, conflicts are further mitigated by the disclosures provided to all investors.

Also disclosed under Items 5 and 10 above, SFA may receive payment in the form of a percentage of asset management fees from a third-party sub-advisor for referring clients to a sub-advisor for active investment management. The conflicts of interest this type of arrangement presents and how we deal with these conflicts are described in detail under Item 10, above.

Disclosed under Item 12, above, SFA may receive “soft dollars” from an unrelated third-party custodian or broker-dealer. The conflicts of interest this type of arrangement presents and how we deal with these conflicts are described in detail under Section 12, above.

### **Item 15 – Custody**

Other than the ability to deduct our fees from client accounts and as otherwise described below in this Item 15, we do not have custody of the assets in client accounts. Client funds and securities on which we advise are held in accounts titled in the client’s name maintained by an independent qualified custodian (typically, SEI). The custodian chosen by the client will be authorized to execute trades within the client’s account upon our instructions, acting within the scope of the authority granted to us in our written advisory agreement with the client and the custodian’s account opening documentation. We will only instruct the custodian to implement trading activity after we have received your authorization for the recommended transactions.

For clients that participate in the SFA Commercial, LLC private offering, the shared ownership and control of SFA Commercial, LLC and SFA results in SFA being deemed to have custody of such clients’ assets pursuant to SEC rules. Accordingly, an independent annual audit of the SFA Commercial, LLC private offering is conducted and the audited financial statements are distributed to all participants on an annual basis.

### **Item 16 – Investment Discretion**

Generally, clients grant us non-discretionary authority to execute our investment recommendations within their accounts held at the qualified custodian (typically, SEI). Non-discretionary authority requires us to obtain the client’s approval of each specific transaction prior to executing our investment recommendations.

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

- A** Without exception, we do not vote proxies on behalf of clients. Additionally, we will not provide advice to clients on how they should vote proxies.
- B** We do not have authority to vote client securities. Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote.

**Item 18 – Financial Information**

- A Financial Condition.** As an advisory firm that maintains discretionary authority for client accounts, SFA is required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual obligations. We have no such financial circumstances to report.
- B Balance Sheet.** We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, we are not required to provide a balance sheet with this brochure.
- C Bankruptcy.** SFA has not been the subject of a bankruptcy petition at any time in the past.