

**ITEM 1 – COVER PAGE**



**FORM ADV PART 2A**

**Corporate (Main) Office:**  
**421 SE Washington Street**  
**Hillsboro, Oregon 97123**  
**Phone: (971) 727-8434**  
**Website: [www.pace-fa.com](http://www.pace-fa.com)**

**Branch Office:**  
**111 SE 3<sup>rd</sup> Avenue**  
**Suite B**  
**Hillsboro, Oregon 97123**  
**Phone: (971) 377-2480**

**Branch Office:**  
**8625 SW Cascade Avenue**  
**Suite 260**  
**Beaverton, Oregon 97008**  
**Phone: (503) 207-2067**

**December 5, 2023**

This brochure provides information about the qualifications and business practices of Pace Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (971) 727-8434. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Please note that the use of the term "registered investment advisor" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this brochure and any brochure supplements ("brochure supplements") for more information on the qualifications of our firm and our associates.

Additional information about Pace Financial Advisors, Inc. is 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 318359.

**ITEM 2 – MATERIAL CHANGES**

This brochure contains the following material changes from the prior version of this brochure dated April 25, 2023:

- Item 1 and Item 4 have been amended to reflect that we now maintain branch offices in Hillsboro and Beaverton, Oregon. The address and telephone number for each of these branch offices is reflected in Item 1.
- Item 1 and Item 4 have been amended to reflect that we have closed our branch office located at 446 North Villa Road, Newberg, Oregon 97132.
- Item 1 has been further amended to indicate that effective as of on or about May 1, 2023, the firm's corporate (main) office will be relocated to 421 SE Washington Street, Hillsboro, Oregon 97123. Clients can continue to reach us by phone at our main office line of (971) 727-8434. Please note that a prior version of this brochure contained a typographical error indicating that our corporate (main) office was located at *"421 NE Washington Street, Hillsboro, Oregon 97123."*
- Item 5 has been amended to reflect as follows:
  - Where the client elects to implement an investment strategy incorporating the use of options, PFA may charge an additional asset-based fee of up to 0.25% per annum on the subject account(s).
  - We may charge a maximum asset-based fee of up to 2.00% per annum. The previous version of this brochure reflected a maximum asset-based fee of 1.50%.
  - We may elect not to apply our asset-based fees to the value of the client's cash holdings.
  - Certain of our investment advisor representatives are dually registered as registered representatives of LPL Financial, LLC ("LPL") and/or DMK Advisor Group, Inc., both of which are independent SEC registered securities broker-dealers and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). This dual licensure creates conflicts of interest that clients should consider when engaging our firm and our associated persons for advisory services. Please see Item 5 for more details.
  - Certain of our investment advisor representatives are dually registered as investment advisor representatives of DMK Advisor Group, Inc., an independent SEC registered investment advisor. This dual licensure gives rise to certain conflicts of interest that clients should consider when engaging our firm and our associated persons for advisory services. Please see Item 5 for details. Our associated persons are longer dually registered as investment advisor representatives of Arkos Global Advisors, LLC.

We will update this brochure and disclose in this Item 2 the occurrence of any material changes with respect to our business in accordance with applicable law. All current clients will receive a Summary of Material Changes to this and subsequent brochures within 120 days of the close of our fiscal year and certain additional updates regarding changes with respect to our firm and our business practices as they may occur. This updated information will be provided to you free of charge. A Summary of Material Changes is also included within our brochure found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can obtain additional information about our firm by searching for us on the foregoing website using the unique IARD/CRD number reflected on the cover page of this brochure.

A copy of this brochure will be provided to you free of charge by contacting us at the telephone number reflected on the cover page.

**ITEM 3 – TABLE OF CONTENTS**

	Page
Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	4
Item 4 – Advisory Business .....	5
Item 5 – Fees and Compensation .....	9
Item 6 – Performance-Based Fees and Side-By-Side Management.....	15
Item 7 – Types of Clients .....	16
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	16
Item 9 – Disciplinary Information.....	21
Item 10 – Other Financial Industry Activities and Affiliations .....	22
Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	23
Item 12 – Brokerage Practices.....	24
Item 13 – Review of Accounts.....	27
Item 14 – Client Referrals and Other Compensation.....	27
Item 15 – Custody.....	28
Item 16 – Investment Discretion .....	29
Item 17 – Voting Client Securities .....	29
Item 18 – Financial Information .....	29

**ITEM 4 – ADVISORY BUSINESS**

- A** About Our Firm. Pace Financial Advisors, Inc., is an Oregon corporation founded in 2021. Jeffrey D. Eischen is the sole principal of our firm. We are registered as an investment advisor with the SEC and our principal offices are located in Hillsboro, Oregon. We also maintain additional branch office locations in Hillsboro and Beaverton, Oregon. Neither we, nor any of our associated persons, are affiliated with any broker-dealer firm or issuer of securities. We provide tailored investment advice to our clients acting exclusively in a fiduciary capacity.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our services to the needs of our clients. As used throughout this brochure, the words "PFA," "we," "our," "firm," and "us" refer to Pace Financial Advisors, Inc., and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Prior to forming an investment advisor-client relationship, we may offer you a complimentary general consultation to discuss the nature of our services and to determine how we may best assist you in reaching your investment goals and objectives. Investment advisory services begin only upon your execution of a written advisory agreement with PFA.

- B C** Our Services. We offer a variety of investment advisory services to clients. Our investment advice is always tailored according to each client's unique financial circumstances, objectives, and needs. A description of our various investment advisory services is as follows:

Wealth Management Services: We offer wealth management services that combine ongoing and continuous portfolio management with ad-hoc financial consulting services designed to assist our clients in the management of their overall financial affairs.

When you engage us for these services, we will manage your designated investment accounts on a discretionary basis in accordance with our understanding of your unique financial circumstances, investment objectives, goals, and needs. You will be required to deposit your assets within an account (or accounts) held in your name at Charles Schwab & Co. ("Schwab"), Inc., who will serve as the independent qualified custodian and execute transactions for your account at our instruction. We will *not* be required to obtain your prior approval for each specific transaction we direct within your account. You may impose reasonable restrictions on our management of your account(s), including instructing us not to purchase certain specific securities, industry sectors, and/or asset classes.

We will consult with you at the inception of our relationship and periodically thereafter, as necessary, to gather information regarding your financial circumstances, investment objectives and limitations, tolerance for investment risk, and time horizon for investments. These consultations will typically include discussion of your current and expected income level and cash flow needs, tax considerations, the contents of your existing investment portfolio (if any), and various other items we deem relevant in gaining an understanding of your financial circumstances. Based on our analysis of these factors, we will then recommend and implement a portfolio of investments intended to align with your investor profile. We will monitor the performance of your account(s) at Schwab on an ongoing basis and recommend and/or implement changes as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and any material changes in your individual financial circumstances, goals, and needs. It is your ongoing responsibility to advise us promptly during our relationship of any material changes in your financial circumstances which might alter our investment advice to you.

Client portfolios are typically constructed using a diversified mix of some or all of the following instruments: individual stocks and bonds, mutual funds, exchange traded funds ("ETFs"), publicly traded real estate investment trusts ("REITs"), money market funds, certificates of deposit, cash and cash equivalents. While these are the primary types of investments we recommend to clients, we may also recommend other types of investments based on your unique investment profile and needs. At your request, we may also provide you with investment advice regarding other types of investments, including certain legacy investments held by you at the inception of our relationship.

Wealth management clients also receive complimentary ad-hoc financial consulting services. Where requested, this advice may include, for example, assistance with routine financial matters such as questions related to budgeting, cash flow, credit and debt management, insurance coverage, and basic retirement planning concerns. We will only review and update our ad-hoc financial consulting recommendations at your specific request. This part of our wealth management services is entirely non-discretionary in nature – you will make all final investment decisions and be responsible for implementation and monitoring of all investments held outside of your accounts at Schwab over which we maintain discretionary trading authority. This complimentary advice is typically provided by phone, by e-mail, or in the course of our consultations with you and is not intended to be a substitute for broad-based financial planning services. We will not provide you with a written financial plan as part of these services. Clients wishing to have us provide such broad-based services or a written financial plan may only do so by entering a separate and discrete written financial planning agreement with PFA.

At your specific request, we may also provide you with non-discretionary investment advice and recommendations with respect to investments contained in accounts that are “held away” from your Schwab account(s) (e.g., employer sponsored retirement accounts, qualified tuition plans, variable annuity sub-accounts). For these assets, we are typically limited to advising you as to the allocation of your holdings among the various investment options made available by the product sponsor, issuer, or custodian. This advice is complimentary, and you will make all final investment decisions and be responsible for the implementation and monitoring of all investments contained in your held-away accounts.

*Financial Planning and Consulting Services:* Where the client seeks financial planning and consulting advice beyond the scope of that provided as part of our wealth management services, we offer financial planning and consulting services on a stand-alone basis. At your option, we may be engaged for broad-based financial planning services or topic specific financial consulting services intended to address discrete financial concerns, transactions, or events. These services may encompass advice regarding, without limitation, some or all of the following financial topics, as you may request:

- *Budgeting and Cash Management:* Assisting you in understanding cash inflows and outflows and setting and maintaining a sustainable budget.
- *Risk Management and Insurance Planning:* Evaluating your areas of financial and other risk and designing and recommending insurance coverage to protect you, your family, and your home, assets, and cash flow from the effects of unexpected events.
- *Financial Planning Relating to Specific Life/Business Events:* Providing you with specialized advice unique to events such as child birth, divorce, business transactions, real estate transactions, and other specific events, both planned and unplanned.
- *Estate Planning:* Advance planning for your incapacitation and/or death, including end of life care/disability planning, handling of your end of life financial affairs, and the management and distribution of assets upon your death in a tax and cost efficient manner.
- *Tax Planning:* Analyzing your unique tax circumstances and current tax regulations and designing tax efficient strategies intended to reduce your tax liabilities in the short and long term.

- *Retirement Planning:* Assisting you in the design and implementation of a long term income and asset management plan intended to grow and protect your income and assets so as to enable you to maintain your desired standard of living in retirement.
- *Investment Planning/Investment Goal Setting:* Designing an overall plan for the investment and management of your assets, including investment accounts (taxable and non-taxable), personal property, real property, and business interests in a manner designed to achieve your short and long term goals and objectives. We will also assist you in determining an appropriate set of investment goals and objectives.
- *Educational Funding:* Analyzing and designing a plan to fund the educational needs you and your family.

Clients who engage us for these services receive a consultation or series of consultations, as necessary, to discuss their unique financial circumstances, investment objectives and needs, tolerance for risk, time horizon for investments, and/or any particular issues of concern related to the selected financial planning and consulting topics. We will review pertinent financial documents and information provided you and present you with a written financial plan or shorter report or summary of recommendations as appropriate for the scope of the engagement. For more limited engagements, our advice may be conveyed to you solely via in-person consultations, telephonically, through video conferencing, and/or through e-mail correspondence. Any financial plans or reports we provide will typically include a summary of your financial circumstances and a course of action and/or investment recommendations designed to assist you in achieving your stated financial goals. These services are not ongoing in nature and conclude upon our final consultation and/or our delivery of the requested written financial plan or report(s) to you. We will not review or update our financial planning recommendations or reports following their delivery to you. If you wish to have us review and update our recommendations or reports, you will be required to enter into a new contractual arrangement with us for these services. Additional fees will apply.

You always maintain the sole and absolute discretion to accept or reject any of our financial planning and consulting recommendations, in whole or in part, and shall be responsible for the selection of service providers, the implementation of all investments, and the ongoing monitoring of your investments. While you are never obligated to utilize PFA for any further services, upon request, we may assist you with the implementation of our financial recommendations - additional fees may apply. Where you choose to engage us for wealth management services following delivery of our financial planning and consulting recommendations, we may reduce or offset



the agreed upon financial planning and consulting fees that would otherwise be charged upon the completion of services.

We do not provide legal, accounting, or tax services of any kind. Clients are advised to seek legal, tax, and accounting advice from their trusted tax and legal advisors.

*Retirement Plan Consulting Services:* We offer retirement plan consulting services to qualified retirement plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include a review of an existing plan, formulation of the investment policy statement, assistance selecting and monitoring plan service providers, recommendations regarding investment selection, on-going consulting, portfolio management services, and participant enrollment and investment education services.

- D Wrap Fee Program. We do not currently sponsor, serve as a portfolio manager to, or recommend any wrap fee programs to our clients.

Types of Investments and Strategies Recommended. The types of investments we typically recommend to clients are described above in this Item 4. The investment strategies we typically implement within client accounts are described in Item 8 of this brochure.

- E Assets Under Management. As of December 31, 2022, we managed approximately \$191,111,267 in client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

- A Our Fees. A description of the advisory fees we charge for our services is set forth in this Item 5. All fees are negotiable and individual clients may pay fees that are higher or lower (or otherwise materially different) than those described in this brochure.

*Fees for Wealth Management Services and Retirement Consulting Services:* We generally charge annual asset-based fees for these services ranging from 0.50% - 2.00% per year of the market value of your account. Within these limitations, where you elect to have PFA implement an options-based investment strategy in your account, your account may be subject to an additional annual asset-based fee of up to 0.25% per year. The cash value of certain specific client accounts may be excluded from our advisory fee calculations, as we may agree in our written advisory agreement with you. We may amend our advisory fees from time to time, but only on thirty (30) days' advance written notice to you.

Fees for these services are payable to us either quarterly or monthly in arrears or advance, as set forth in our written advisory agreement with the client. Where fees are charged in arrears, we will utilize the market value of your account as of the last trading day of the prior billing period to calculate our fees. Where fees are charged in advance, we will utilize the market value of your account as of the date of deposit of your assets to calculate our fees for the initial billing period. Thereafter we will utilize the market value of your account as of the last trading day of the prior billing period to calculate our fees.

Our annual fees are charged either at a flat rate across the entire market value of your account or based on a customized tiered fee schedule and will be directly deducted periodically from your account at the custodian. Fees shall be pro-rated for any partial billing periods (based on the number of days services were provided). The specific fee arrangement applicable to your account will be set forth in a written advisory agreement you will enter with our firm.

You may make additions or withdrawals from your account at any time; however, you should consider that some or all of the investments in your account may be intended as long-term investments and withdrawals of cash and premature liquidations of securities positions may impair the achievement of your investment objectives. Clients should further note that our fees for these services are further adjusted for any deposits or withdrawals of assets to or from your accounts based on the transaction date.

Our asset-based fees are typically calculated as a percentage of the market value of your account (including cash balances) as such value is determined by your custodian. The custodian may use various pricing services such as Reuters and Standard & Poor's to price securities held in your account. For actively traded securities, these services use the actual last reported sale price. For less actively traded securities such as bonds, these services will use the appropriate valuation methodology to determine the value of the security. In rare instances where a market-based price for a holding in your account is unavailable or difficult to determine, alternative fair valuation procedures may be followed. We will alert you whenever this circumstance may arise. You should contact us with any questions or concerns about the valuation of any investments held in your account.

***Fees for Financial Planning and Consulting Services:*** When you engage PFA for stand-alone financial planning and consulting services, you will pay us an hourly fee at a maximum rate of up to \$350 per hour. The specific hourly rate applicable to your engagement is negotiable and will be set forth in a written advisory agreement which is executed by the client prior to the commencement of our services. Fees for these services are billed in arrears with payment due either monthly, quarterly or in full upon our completion of the engagement. Fees are billed by means of traditional

invoicing and are payable by cash, check, money order, credit card, or other form of payment deemed acceptable by PFA.

Clients are never charged more than \$1,200 six (6) or more months in advance for these services.

- B** Direct Fee Deduction. Where you authorize us in writing to do so, we will directly deduct our advisory fees from the accounts you designate at the qualified custodian (e.g., Schwab) of your assets. Your authorization for direct fee deduction will be set forth in our written advisory agreement and/or on the forms required by the custodian of your accounts. We will liquidate money market shares or use cash balances from your account to pay our advisory fees when due, however, if money market shares or cash value are not available other investments may be liquidated. Please note that unexpected or premature liquidation of investments to pay our advisory fees may impair the performance of your account.

Your custodian will independently send you an account statement to you typically monthly, but no less than quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any advisory fees paid to us. *We encourage you to review the custodian's account statements carefully and promptly upon receipt.* If you believe our advisory fees have been miscalculated or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this brochure.

- C** Additional Fees and Expenses. Separate and in addition to our advisory fees, clients may incur certain other fees, charges, and/or taxes in connection with our services. Such additional charges and fees may be imposed by custodians, brokers, and other third parties, and may include brokerage commissions, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other similar charges.

Mutual funds and ETFs also have annual operating expenses called expense ratios which you will separately bear. The nature and amount of these fees are disclosed in each fund's prospectus. These expenses are used to pay the manager of the mutual fund or ETF and to cover other internal operational costs. We strive to avoid using mutual funds and ETFs that have high expense ratios. We also strive to avoid recommending mutual funds and ETFs that have sales charges. Instead, we typically recommend clients utilize no-load funds.

We do not receive any portion of the foregoing additional fees and costs, which will usually be deducted directly from the client's account by the appropriate third party provider. To fully understand the total costs you will incur when engaging our

services, you should review the prospectus of each mutual fund and ETF held in your account and the contractual arrangement entered with your account custodian (*i.e.*, Schwab).

The hourly advisory fees we charge for stand-alone financial planning and consulting services cover the costs of our investment advice only. Clients separately bear any fees and costs charged in connection with the implementation or monitoring of their investments.

- D** Termination of Our Services. In the event we should fail to provide you with a copy of this brochure at least forty-eight (48) hours in advance of entering into an advisory agreement with our firm, you may terminate our services without incurring any fees or costs to PFA within five (5) business days of entering into the advisory agreement.

Thereafter, either PFA or the client may terminate PFA's advisory services by providing written notice of termination to the non-terminating party. Under these circumstances, you will pay PFA a pro-rated advisory fee based on the number of days during which services were provided during the final billing period. For hourly fee engagements, you will pay us for all earned but unpaid fees as of the date of termination. All fees are due immediately upon termination. Any pre-paid but unearned fees will be refunded to you. You will bear the costs of all custodial termination and transfer fees, if any, assessed by your account custodian(s) upon termination of our services and will become solely and immediately responsible for the management and monitoring of all assets upon termination. PFA will deliver any partially completed written financial plan or report to the client upon receipt of full and final payment of its outstanding charges.

- E** Additional Compensation for Sales of Securities and Insurance Products and Related Conflicts of Interest. Certain of our investment advisor representatives are concurrently registered as "registered representatives" of LPL Financial, LLC ("LPL") and/or DMK Advisor Group, Inc. ("DMK"), both of which are independent SEC registered securities broker-dealers and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). For purposes of this brochure, associated persons of PFA who are registered both as investment advisor representatives of our firm and also as registered representatives and/or investment advisor representatives of LPL and/or DMK are referred to as "Dually Registered Persons". Except as described above, LPL and DML are not otherwise affiliated with our firm.

Clients can enter into a separate commission-based arrangement with such Dually Registered Persons (but not with PFA directly) and LPL and/or DMK for securities brokerage services (a "Brokerage Relationship"). Investments made through the Brokerage Relationship are separate from the advisory services PFA may provide to

you, and therefore, PFA does not have a fiduciary duty over such Brokerage Relationship recommendations.

Under a Brokerage Relationship, our Dually Registered Persons, acting in their capacity as registered representatives of LPL and/or DMK, as the case may be, may receive commissions, ongoing distribution fees (i.e., trails), and other compensation based on sales of securities (typically, variable annuities and variable insurance products) to clients. This creates a conflict of interest insofar as our Dually Registered Persons have an incentive to sell securities to clients based upon the commissions and other compensation they may receive rather than the client's best interests. Alternatively, our Dually Registered Persons may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments through a Brokerage Relationship, if they deem that the payout for recommending the purchase of these investments would be higher than providing investment advice on these products for an advisory fee. Clients are advised that fees paid to PFA for investment advisory services are separate and distinct from the commissions and/or other forms of compensation that may be earned by any Dually Registered Persons for selling securities products to clients through LPL and/or DMK.

As a matter of policy, PFA does not permit its Dually Registered Persons to earn commissions or trails on transactions or assets held in advisory accounts. However, if a client chooses to establish both an advisory account with PFA and a Brokerage Relationship through LPL and/or DMK serviced by one of our Dually Registered Persons, the client and the Dually Registered Person will establish the types of transactions that will be made in each account.

Certain of our investment advisor representatives are also independently licensed to sell insurance in one or more states acting as a direct agent representative of a specific insurance company or companies. Insurance related business may be transacted with advisory clients and licensed individuals may receive customary commissions and fees from insurance products sold to clients. Fees paid to PFA and/or its investment advisor representatives for investment advisory services are separate and distinct from any commissions and fees earned by its investment advisor representatives for selling insurance products to clients.

The receipt of securities and/or 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. As such, we will only transact securities and/or insurance related business with clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions or fees paid to our investment advisor representatives are appropriate. Clients are informed that they are under no obligation to use any

individual associated with our firm for the purchase of any securities or insurance products or services. Clients may use any broker-dealer, broker-dealer registered representative, insurance firm or insurance agent they choose for purchase of these products and services. We encourage you to ask us about the conflicts of interest presented by the broker-dealer and insurance licensing of our associated persons.

Dual Registration of Investment Advisor Representatives. Certain associated persons of PFA are dually registered as investment advisor representatives of DMK. DMK is an independent investment advisor firm (CRD No. 41067) registered with the SEC. DMK is not affiliated with PFA. Conflicts of interest exist with respect to such Dually Registered Persons' allocation of their time and effort to PFA's advisory clients and advisory clients managed through a relationship with DMK. For example, because the compensation these individuals may receive as a result of their efforts on behalf of PFA and DMK may vary in character (i.e., asset-based fees, salary, a combination of the two, etc.) and amount, these individuals may be incentivized to allocate more of their time and effort to client accounts managed through a relationship with PFA or DMK over the other. PFA and its Dually Registered Persons mitigate these conflicts of interest by always honoring their fiduciary duty to clients of PFA.

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 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.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees for our services or engage in side-by-side management of client accounts.

PFA and/or its associated persons may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, "Proprietary Accounts") while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. However, any such orders shall only be entered after orders for client accounts in the same securities have been executed on any given trading day. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts.



**ITEM 7 – TYPES OF CLIENTS**

We typically provide investment advice to individuals, high net worth individuals, trusts, retirement plans, partnerships, corporations, and other business entities. Because each client is unique, they must be willing to be involved in the planning and ongoing processes of our management of their account. 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 do not have any minimum fee or account opening or minimum balance requirements.

**ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

- A Methods of Analysis and Investment Strategies. The types of investments we typically recommend are discussed in Item 4 of this brochure.

We may use some or all of the following *methods of analysis* in providing investment advice to you:

*Fundamental Analysis:* When engaging in fundamental analysis, we attempt to determine the intrinsic value of target securities through a review of, among other things, company specific financial disclosures, the strength and track record of management personnel, industry sector financial health, and at a macro level, the overall direction of the economy at large. We use this information as a basis to determine if such securities are underpriced or overpriced relative to current market prices and then to make a buy or sell recommendation to you.

Relying on this type of analysis leaves open the risk that the price of a security may move along with the overall direction of the market, irrespective of the economic and financial factors which may have indicated that an opposite movement would have been expected. The main sources of information we rely upon when researching and analyzing securities using fundamental analysis include research materials prepared by others, annual reports, corporate rating services, prospectuses, and company press releases.

*Asset Allocation:* Asset allocation is an investment strategy that attempts to balance risk versus return by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals, and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecasted (wholly or in part) based on



statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way. The primary goal of an asset allocation strategy is to create an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon.

A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate to meet with your investment goals.

*Mutual Fund, ETF, and REIT Selection and Analysis:* We evaluate and select mutual funds, ETFs, and/or REITs for your account based on several factors which may include, without limitation, (1) the experience and track record of the underlying portfolio manager(s), (2) the performance of the fund over time and through various market conditions; (3) expected market conditions that might impact the underlying holdings of the fund or applicable market sector; and (4) whether and to what extent the underlying holdings of the fund overlap with other assets held in your account. We also monitor the fund in an attempt to determine if the fund is continuing to follow its stated investment strategy.

A risk of this form of analysis is that, as in all securities investments, past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change overtime without advance warning, 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 manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for the client's portfolio.

We typically use the following *investment strategies* in managing client accounts:

*Long-term Purchases:* We may take a long term, passive, "buy and hold" approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.

Short-term purchases: When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Options: We may suggest the use of options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. We will suggest the purchase of a call option(s) if we have determined that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will suggest the purchase of a put option(s) if we have determined that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We will also suggest the use of options to “hedge” a purchase of the underlying security; in other words, we may suggest an option purchase to limit the potential upside and downside of a security we previously recommended for purchase.

We may use “covered calls,” in which we suggest the sale of an option on a security already within a particular portfolio. In this strategy, the portfolio will receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a “spreading strategy,” in which we recommend purchasing two or more option contracts (for example, a call option for the client to buy and a call option for the client to sell) for the same underlying security. This effectively puts the portfolio on both sides of the market, but with the ability to vary price, time, and other factors.

- B** We act as your fiduciary in rendering investment advice. We cannot and do not warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by a custodian of your account(s).

- C** Summary of Investment Risks: While all investing involves risks and losses can and will occur, PFA generally recommends 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 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.

*Options Risk:* Transactions in options carry a high degree of risk. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the

option in cash or to acquire or deliver the underlying investment. If the option is “covered” by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced. If you buy an option, your risk is defined because the most that you can lose is your investment — or the premium you paid for the option — plus commissions.

*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 and you will always maintain the concurrent ability to direct transactions within your account. We are not responsible for the consequences of your self-directed investment decisions 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 misaligned investment portfolio and the potential for losses or other negative financial consequences.

It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss your investment and any changes to your financial circumstances.

## **ITEM 9 – DISCIPLINARY INFORMATION**

PFA is 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 our firm has any information to disclose which is applicable to this Item 9.

**ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A** Broker-Dealer Registration. PFA is not registered and does not intend to become registered as a broker-dealer. However, as described in Item 5 of this brochure, certain associated persons of PFA are Dually Registered Persons of LPL and/or DMK, both of which are independent SEC registered broker-dealer firms and Members FINRA/SIPC. Our Dually Registered Persons have chosen to maintain their status as registered representatives in order to serve existing brokerage clients under that relationship or new clients whose best interest is to engage in a commission-based Brokerage Relationship for the purchase and sale of certain securities. Please see Item 5E for disclosures regarding the conflicts of interest arising as a result of this dual registration arrangement and how we mitigate them.

As a result of our associated persons' dual registration with LPL and/or DMK, LPL and/or DMK may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about our clients, even if the client does not establish any account through LPL and/or DMK. If you would like a copy of LPL's privacy policy, please contact LPL directly by calling 1-800-558-7567. DMK's privacy policy can be obtained by calling 813-996-6100.

- B** Futures or Commodities Registration. Neither PFA, nor any of its associated persons, are registered or intend to become registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.
- C** Material Relationships. Except as outlined in Item 5E with respect to the licensure of certain of our associated persons as independent insurance agents, PFA does not have any relationships, industry activities, affiliations or arrangements and does not collect any additional compensation, directly or indirectly, that create a material conflict of interest with its clients.
- D** Recommendation of Third Parties. Except for certain benefits we receive from Schwab as outlined in Item 12A of this brochure, we do not receive any additional compensation or benefits, either directly or indirectly, in connection with referrals of our clients to any brokers, custodians, attorneys, tax advisors, accountants, or any other third-parties. We will only recommend and refer such third-parties to you when we believe such recommendations to be in your best interests. Except with respect to our requirement that wealth management services clients engage Schwab for the services described in Item 12A of this brochure, you are never obligated to engage any third party we recommend and do so at your sole discretion and risk.

**ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

- A Our Code of Ethics. We subscribe to an ethical and high standard of conduct in all our business activities in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our clients' interests ahead of our own along with duties of loyalty, fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

PFA has a Code of Ethics ("Code") which all employees are required to follow. The Code outlines proper conduct related to all services provided to clients and will be made available to you, free of charge, upon request by contacting us at the phone number listed on the cover page of this brochure. Prompt reporting of internal violations is mandatory. PFA's management personnel evaluate employee performance regularly to ensure the quality of our services and compliance with our Code.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff, the Code requires, among other procedures, that our "access persons" report their personal securities transactions quarterly and report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code is required to be reviewed annually and updated as necessary.

- B-D Material/Proprietary Interests in Securities Recommended to Clients. Our firm and individuals associated with our firm do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

Personal Trading; Participation or Interest in Client Transactions. As described in Item 6 of this brochure, PFA and/or its associated persons may manage Proprietary Accounts. Proprietary Accounts may buy and sell some of the same securities as we buy or sell for client accounts. This practice creates an actual conflict of interest with our clients insofar as our firm and/or our associated persons may have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities for client accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients' accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary



Accounts. In some cases, we may buy or sell securities for our own account(s) for reasons not related to the strategies adopted by our clients.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:

- we are required to uphold our fiduciary duty to our clients;
- we are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- we are prohibited from buying or selling any security that we are currently recommending for client accounts, unless we place our orders after client orders have been executed; and
- we are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise.

We 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.

## **ITEM 12 – BROKERAGE PRACTICES**

- A Recommendation of Broker-Dealers. As described in Item 4 of this brochure, as a condition of engaging PFA for wealth management services, we typically require that you independently engage the brokerage and custodial services of Charles Schwab & Co., Inc., 211 Main Street, San Francisco, California 94105 ("Schwab"), an independent SEC-registered broker-dealer and Member of FINRA/SIPC. We are not affiliated with Schwab and Schwab does not monitor or control the activities of PFA or its personnel. We may require clients to engage a different custodian and executing broker in the future. Schwab will execute all transactions for your account according to our instructions pursuant to your grant of authority to PFA.

As stated previously in Item 5, individuals associated with PFA are concurrently licensed as registered representatives of LPL. As a result of this relationship, LPL is responsible for supervising certain activities of PFA to the extent our firm manages assets at a broker/dealer and custodian other than LPL (e.g., Schwab). LPL charges a fee for this oversight responsibility. This presents a conflict of interest insofar as it



creates a financial incentive for our firm to recommend that you maintain your account with LPL rather than another custodian in order to avoid the oversight fee. However, to the extent we recommend you use LPL for any services, it is because PFA believes that it is in your best interest to do so based on the quality and pricing of trade execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL.

Best Execution. In recommending broker-dealers to clients we have an obligation to seek the “*best execution*” of transactions in your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer’s services. Some of the factors we may consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer’s:

- execution capability;
- commission rates;
- financial responsibility;
- responsiveness and customer service;
- custodian capabilities;
- research services/ancillary brokerage services provided; and
- any other factors that we consider relevant.

Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to require that clients engage Schwab until their services do not result, in our opinion, in best execution of client transactions.

Directed Brokerage. Except for retirement plan consulting clients, PFA does not permit its clients to select a broker other than Schwab for trade execution services (*i.e.*, directed brokerage). Clients should be aware of the fact that not all investment advisors require clients to use a particular firm for these services. You should further be aware that, because PFA requires certain clients to engage Schwab exclusively, we may not be able to achieve the lowest cost of execution of specific client transactions. Thus, the exclusive use of only Schwab may cost clients more money compared to other arrangements.

Soft Dollars. The broker-dealers we recommend to clients (including Schwab) 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 Schwab a charge greater than another qualified broker-dealer might charge to effect 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 Schwab. There may be other benefits we receive specific to our recommendation of Schwab to clients, such as software and other technology that (i) provides us with access to client account data (such as trade confirmations and account statements); (ii) facilitates execution of client trades; (iii) provides us with research, pricing, and other market data; (iv) facilitates payment of fees from client accounts; and (v) assists us with back-office functions, recordkeeping, and client reporting.

Other services may include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, and access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly. Other brokers or custodians may provide us with similar benefits in the future in exchange for recommending their services to our advisory clients.

We do not pay a fee for these products and services and all client accounts may not be the direct or exclusive beneficiary of such products and services. It is further important to note that our receipt of such products and services creates an incentive for PFA to continue to require that clients engage Schwab based upon our desire to continue to receive these items, rather than receiving best execution or purely the lowest price for client transactions. We mitigate this conflict of interest by periodically monitoring and reviewing the services provided to our clients by Schwab for best execution.

Except as described above in this Item 12, we do not receive any compensation or incentive for referring you to Schwab for brokerage trades and custodial services. We do not receive client referrals in exchange for directing client transactions to Schwab.

- B** Trade Aggregation. Due to our policy of customizing client portfolios, PFA does not aggregate purchases and sales and other transactions amongst client accounts. Our practice of not combining multiple clients' buy and sell orders (*i.e.*, block trading) may result in our firm being unable to achieve for its clients the most favorable execution at the best price available, and accordingly, may cost clients more money than other arrangements.

**ITEM 13 – REVIEW OF ACCOUNTS**

- A Account Review Policy. Wealth management accounts are generally reviewed by the investment advisor representative(s) who are primarily responsible for overseeing the client's account. The specific individuals conducting account reviews may vary from time to time, as personnel join or leave our firm. The frequency of reviews is determined based on each client's investment objectives and needs. Accounts are generally reviewed quarterly, but in any event, no less than annually.

Stand-alone financial planning and consulting clients do not receive updates or reviews following the delivery of our investment recommendations and/or written report(s) to the client unless the client specifically requests such review and pays an additional advisory fee. The client is responsible for the implementation and ongoing monitoring of all investments under this service.

- B More Frequent Account Reviews. More frequent reviews of wealth management accounts may be triggered by a change in the client's investment objectives; income level; risk/return profile; tax considerations; significant account contributions and/or withdrawals; large sale or purchase transactions; security specific events; or changes in the economy more generally.
- C Reporting to Clients. Clients will receive standard account statements and trade confirmations from their custodian at least quarterly. We will provide you with independently prepared written reports on a quarterly basis and as you may otherwise reasonably request from time to time. The reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

- A As referenced in Item 12 above, Schwab provides services and products to us without cost or at a discount that we may use to service some or all of our client accounts. We may enter into similar arrangements with other broker-dealers and custodians in the future. As part of its fiduciary duties to clients, PFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm and/or our associated persons in and of itself creates a potential conflict of interest and may indirectly influence our choice to require that clients engage Schwab's custodial and trade and brokerage services.
- B We have no arrangements, written or oral, in which we compensate others or are compensated for client referrals.

**ITEM 15 – CUSTODY**

Your funds and securities will be held in an account titled in your name and maintained at the independent qualified custodian of your account (*i.e.*, Schwab). Your custodian will be authorized to execute trades within your account upon our instruction, acting within the scope of the discretionary authority you grant us in our written advisory agreement and/or the custodian's account opening documents. Except for our ability to directly deduct our advisory fees and to disburse or transfer certain client funds pursuant to Standing Letters of Authorization ("SLOAs") executed at the option of the client, we will not maintain custody of any client funds or securities or the authority to obtain possession of them. Where a client has elected to execute a SLOA, PFA implements the following additional safeguards:

1. The client must provide an instruction to the custodian, in writing, that includes the client's signature, the third party payee's name, and either the third party payee's address or the third party payee's account number at a custodian to which the transfer should be directed.
2. The client authorizes PFA, in writing, either on the custodian's form or separately, to direct transfers to the third party payee either on a specified schedule or from time to time.
3. The custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's custodian.
5. PFA has no authority or ability to designate or change the identity of the third party payee identified by the client, the address, or any other information about the third party payee contained in the client's instruction.
6. PFA maintains records showing that the third party payee indicated by the client is not a related party of PFA and does not share an address with PFA.
7. The custodian sends the client, in writing, an initial notice confirming the instructions and an annual notice reconfirming the instructions.

We shall have no liability to you for any loss or other harm to any property in contained in your accounts, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount of such loss is covered by the SIPC or any other insurance

which may be carried by the custodian of your assets. Clients understand that SIPC provides only limited protection for the loss of property held by a custodian.

### **ITEM 16 – INVESTMENT DISCRETION**

Wealth management services clients are required to grant our firm ongoing and continuous discretionary authority to execute our investment recommendations within their account(s) held at Schwab *without* obtaining their prior approval for each specific transaction. In a discretionary arrangement, you authorize us to purchase and sell securities and instruments in your account(s), arrange for delivery and payment in connection with the foregoing, and act on your behalf in all matters necessary or incidental to the handling of the account, including monitoring of your assets. We will always act in strict accordance with your stated investment needs, suitability parameters, and restrictions when implementing transactions for your account. Any investment guidelines and restrictions you wish to impose on your account must be provided to us in writing.

Financial planning and consulting services are non-discretionary in nature. The client makes all final investment decisions and is responsible for implementation and ongoing monitoring of investments.

### **ITEM 17 – VOTING CLIENT SECURITIES**

- A We will not vote proxies on behalf of clients and will not provide advice to clients on how the client should vote.
- B We do not have or accept authority to vote client securities. Most 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 the proxy.

### **ITEM 18 – FINANCIAL INFORMATION**

- A PFA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B Advisors who have discretionary authority over client accounts like PFA are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. We have no such financial condition to disclose.
- C Neither PFA, nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.