

# FRANKLY FINANCES

## **Form ADV Part 2A Firm Brochure December 22, 2023**

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**This Brochure provides information about the qualifications and business practices of Frankly Finances. If you have any questions about the contents of this Brochure, please contact us at 786-897-5035 or at Frank@FranklyFinances.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Frankly Finances also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Frankly Finances as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

This section describes the material changes to this Form ADV Part 2A (“Brochure”). There have been no material changes to this Brochure since it was last filed on January 18, 2023. While immaterial, this Brochure has been amended as of December 22, 2023, to indicate that Frankly Finances has applied for registration with the SEC.

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## **Item 4            Advisory Business**

Frankly Finances, LLC (“Frankly Finances”, the “Firm”, “we”, “our”, or “us”) is a limited liability company formed on April 22, 2022, in the State of Florida. The Firm became registered as an investment adviser on June 21, 2022, with the Florida Office of Financial Regulation. On December 22, 2023, Frankly Finances applied for registration with the SEC. The Firm is owned entirely by Frank Garcia, who is also the Firm’s Chief Compliance Officer.

As discussed below, Frankly Finances provides fee-only financial planning and investment management services to individuals, high-net worth individuals, corporations, and other businesses. It also provides retirement plan consulting services to small businesses. The specific services and the fees for those services are subject to agreement between Frankly Finances and the client.

### **Financial Planning Services**

Our financial planning services include one or more of the following:

- Cash flow analysis
- Multigenerational planning
- Estate planning
- Insurance review
- Investment portfolio review and analysis
- Retirement planning
- Tax planning and optimization

Further, Frankly Finances may assist institutional clients with review of their portfolios, including investment allocation, fees and expenses, and committee structure.

Depending upon the agreed upon scope of services, we analyze the client’s current financial situation, define their goals and define the steps they need to achieve them. Clients are responsible for promptly notifying the Firm if there is ever any change in their financial situation or investment objectives so that we can review, and if necessary, revise our previous recommendations. In providing services, we tailor our services to the individual needs of the client. Clients may impose any restriction on our financial planning services by notifying us of those restrictions. Those restrictions will be honored if you provide them in writing or we confirm our agreement to them in writing.

Frankly Finances is not a law firm or accounting firm, and Frank Garcia is not a lawyer or accountant. Its services should not be construed as legal or accounting services. We do not prepare estate planning documents, tax returns, or sell insurance products. We may recommend the services of other professionals. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Firm.

Frankly Finances may charge for these services as follows: (a) one-time, fixed fee, (b) hourly rates, or (c) an annual subscription. More information about our fees is available in Item 5 below.

### **Investment Management Services**

The Firm also provides investment management services. We provide investment advice that is specifically tailored to the client's individual needs, goals, and objectives. The process begins with discussions covering a variety of factors, including the client's particular circumstances, risk tolerance, prior investment history and experience, asset and liability levels, and liquidity requirements. We then develop a client's personal investment plan and create and manage an investment portfolio based on that plan. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, adjusted based upon the client's individual needs, stated goals, and objectives. Clients may impose reasonable restrictions on investing in certain securities, types of securities or industry sectors.

Generally, clients will pay a flat fee for investment management. Additional information about the fees for this service is available in Item 5 below.

### **Retirement Plan Consulting Services**

Frankly Finances offers retirement plan consulting services to sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 ("ERISA"). The terms and conditions of the engagement between the Firm and the plan sponsor will be set forth in a Pension Consulting Agreement. If the Firm performs these services in an ERISA Section 3(21) capacity, it will assist the plan sponsor with the development of investment policy statements, and then the selection and monitoring of investment alternatives from which plan participants may choose in self-directing the investments for their individual plan retirement accounts. Upon request by the plan sponsor, Frankly Finances may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. If the plan sponsor chooses to engage the Firm in an ERISA Section 3(38) capacity, we may provide the same services as described above, but may also: create specific asset allocation models that Frankly Finances manages on a discretionary basis, which plan participants may choose in managing their individual retirement account; and/or modify the investment options made available to plan participants on a discretionary basis.

As of December 20, 2023, we managed \$124,923,332 on a discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **Financial Planning Fees**

The Firm's fee for financial planning is generally determined in one of three ways, each described in more detail below.

1. **One Time Fixed Fees.** A fixed one-time fee. We set these fees based on various objective and subjective factors and after discussion with the client. The factors that we consider include, but are not limited to, the amount of the client's asset, the level and scope of the services required, the complexity of the engagement and the number of times the client would like to meet.

2. **Hourly Fees.** An hourly fee of \$600/hour. We may agree to reduce the hourly rate in our sole discretion.
3. **Annual Subscription Fees.** An annual, recurring fee for ongoing financial planning. These arrangements are currently subject to a \$1,000 minimum annual fee and will not typically exceed \$20,000 for retail clients. We set these fees based on various objective and subjective factors and after discussion with the client. The factors that we consider include, but are not limited to, the amount of the client's asset, the level and scope of the services required, the complexity of the engagement and the number of times the client would like to meet.

### **Investment Management Fees**

The Firm's investment management fee is generally an agreed upon and negotiated flat-fee, which will typically range from \$4,000 to \$40,000 annually and is prorated and payable on a monthly or quarterly basis, in advance. The amount of fees charged to clients is based upon various objective and subjective factors and after discussions with the client.

The Firm seeks to provide complete transparency about fees and expenses.

From time to time, the Firm may agree to amend its fee structures and rates or may reduce or waive any of its fees. Clients will be responsible for the fee contained in their applicable agreement, as amended from time to time. Based on our pricing arrangements, the Firm's clients can pay different fees for the same or similar services. The services provided to any client could be available from other investment advisers at lower (or higher) rate. All clients and prospective clients should be guided accordingly.

- B. For financial planning services, invoice payment is due within 30 days of receipt of the invoice. For investment management services, clients may elect to have their fees deducted from their custodial account. The Investment Management Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the fee and to pay the fee to us in compliance with regulatory procedures. If we invoice the client, payment is due upon receipt of the invoice.
- C. In the event we recommend any securities purchases or sales, broker-dealers charge transaction fees for effecting certain securities transactions. Clients will also incur fees and expenses charged by any investments that they purchase, including mutual funds and ETF.
- D. All invoiced fees are due within 30 days' receipt of an invoice. We generally do not require the prepayment of any fees. Upon termination of any agreement, if we for any reason have agreed to prepayment or partial prepayment, we will refund the pro-rated portion of any advanced advisory fee paid based upon work yet-to-be completed.
- E. Neither Frankly Finances nor any of its associated persons accept compensation from the sale of securities or other investment products.

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

Neither Frankly Finances nor any associated person accepts performance-based fees.

## Item 7           Types of Clients

Our clients are generally individuals, high-net worth individuals, corporations, and other businesses. We do not have any minimum asset requirements or minimum fees, but we do reserve the right to accept or reject any client.

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

- A. The Firm may use the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

We primarily practice passive investment management. Passive investing involves building portfolios that are composed of various distinct asset classes. The asset classes are weighted in a manner to achieve the desired relationship between correlation, risk, and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or ETFs. Passive investment management is characterized by low portfolio expenses (i.e., the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal). In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark.

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

- B. Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every investment strategy has its own inherent risks.

**Passive Investing Risk.** Passive investing differs from active investing in that managers are not seeking to outperform their benchmark. As a result, managers may hold securities that are components of their underlying index, regardless of the current or projected performance of the specific security or market sector. Passive managers do not attempt to take defensive positions based upon market conditions, including declining markets.

- C. Currently, we primarily recommend mutual funds and ETFs. Their risks are described in their prospectus. These investments are subject to general market risk. The price of a mutual fund or ETF that we recommend may fall in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

## **Item 9            Disciplinary Information**

Neither Frankly Finances nor its management have been the subject of any reportable disciplinary action.

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

- A. Neither Frankly Finances, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Frankly Finances, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Frankly Finances has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Frankly Finances does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

Frankly Finances maintains a policy regarding personal trading by its management and employees. This policy serves to establish a standard of business conduct for all of our representatives that is based upon fundamental principles of openness, integrity, honesty and trust. A copy is available upon request. We also maintain and enforce policies reasonably designed to prevent the misuse of material non-public information.

Neither the firm nor its related persons recommend, buys, or sells for client accounts, securities in which Firm or any related person of Firm has a material financial interest.

We may buy or sell securities that are also recommended to clients. This situation creates a conflict of interest. The securities that we recommend to clients are not the type that we or our employees can manipulate and where our clients are likely not to be disadvantaged if we happen to trade on the same day.

## **Item 12          Brokerage Practices**

- A. **Custodian & Brokers Used.** Our Firm does not maintain custody of client assets (although we may be deemed to have custody of client assets if given the authority to withdraw our fee from client account(s). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We generally recommend that clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, a FINRA and SIPC member, as the custodian. While we may recommend that you use Schwab, you will ultimately decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them.



Factors that we consider in recommending Schwab or any other broker-dealer/custodian to clients include historical relationship with the Firm, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by the Firm's clients shall comply with our duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealers' services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

- B. **Non-Soft Dollar Research and Additional Benefits.** When determining whether to recommend that a client use the services of a particular broker-dealer/custodian (i.e., Schwab), the Firm has received, and can in the future receive, from a broker-dealer/custodian (i.e., Schwab) or another service provider or vendor, free or discounted support services and/or products, certain of which assist us to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by our Firm may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware or software or other products used by us in furtherance of our business.

Our clients do not pay more for investment transactions effected or assets maintained at Schwab or another broker-dealer/custodian as a result of these arrangements. There is no corresponding commitment made by the Firm to any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

- C. Frankly Finances does not receive referrals from broker-dealers.
- D. The Firm does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs us to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction

may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through our Firm. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- E. To the extent that the Frankly Finances provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our client’s differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. The Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13          Review of Accounts**

For those clients that hire us for ongoing financial planning services or investment management services, we perform reviews on a periodic basis. For the avoidance of confusion, we do not review any recommendations or financial plans made to clients receiving advice pursuant to a one-time fixed fee or that are paying for hourly financial planning services. We may conduct reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request. Clients are provided with transaction confirmation notices and regular summary account statements directly from their custodian.

For those clients who engage us for retirement plan consulting services, we will perform reviews at the frequency established in the written agreement with the plan sponsor.

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

We do not receive compensation for outbound client referrals and we do not generally compensate anyone for client referrals.

### **Item 15          Custody**

It is our policy to not accept physical custody of a client’s cash or securities. In other words, we do not accept the authority to withdraw, transfer or otherwise move funds or cash from any client account to our accounts or the account of any third party (other than for purposes of the payment of our fees as explained below).

## **Item 16          Investment Discretion**

Clients receiving investment management services can grant us investment discretionary authority over their account. Prior to assuming discretionary authority over a client's account, the client shall be required to execute an Investment Management Agreement granting us the authority to do so. Clients who engage us on a discretionary basis may, at any time, impose restrictions, in writing, on our discretionary authority (*e.g.*, limit the types or amounts of particular securities purchased for their account).

## **Item 17          Voting Client Securities**

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

## **Item 18          Financial Information**

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