

# **TAYLOR FRIGON FAMILY OFFICE LLC**

## **ADV Part 2A - Disclosure Brochure**

**Dated: November 20, 2023**

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**This brochure provides information about the qualifications and business practices of Taylor Frigon Family Office LLC. If you have any questions about the contents of this brochure, please contact us at (805) 226-0280. 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 Taylor Frigon Family Office LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Taylor Frigon Family Office LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

This is Taylor Frigon Family Office LLC's initial Form ADV.

## **Item 3 Table of Contents**

Item 2	Material Changes .....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	8
Item 6	Performance-Based Fees and Side-by-Side Management .....	11
Item 7	Types of Clients .....	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9	Disciplinary Information .....	13
Item 10	Other Financial Industry Activities and Affiliations .....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12	Brokerage Practices .....	16
Item 13	Review of Accounts.....	18
Item 14	Client Referrals and Other Compensation .....	18
Item 15	Custody .....	18
Item 16	Investment Discretion .....	19
Item 17	Voting Client Securities.....	19
Item 18	Financial Information .....	20

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

Taylor Frigon Family Office LLC (the “Registrant”) is a limited liability company formed in the state of Delaware in July 2022. The Registrant became registered with the U.S. Securities and Exchange Commission in October 2022. The Registrant is owned by Taylor Frigon Capital Management LLC, its Managing Member, Ryan M. Scharber, PLC and MJCW LLC.

B.

#### **INVESTMENT ADVISORY SERVICES**

As discussed below, the Registrant provides discretionary investment advisory services on a *fee* basis. Registrant’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services, and certain legal and accounting-related services provided by the Registrant’s members as discussed below. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will recommend that the client allocate investment assets consistent with the designated investment objectives. The Registrant primarily recommends that clients allocate investment assets among various individual equity (stocks) and mutual funds in accordance with the client’s designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

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

The Registrant shall provide investment advisory services to its clients in conjunction with Taylor Frigon Capital Management, LLC (“TFCM”), the Registrant’s affiliated SEC registered investment advisor.

#### **AFFILIATED MUTUAL FUND**

Registrant’s affiliate, Taylor Frigon Capital Management, LLC (“Taylor Frigon Capital Management”) serves as the investment adviser of the Taylor Frigon Core Growth Fund, a mutual fund registered under the Investment Company Act of 1940 (the “Affiliated MutualFund”). Registrant is responsible for the Affiliated Mutual Fund’s operations and management, under the supervision of an independent Chief Compliance Officer and Board of Trustees. The Affiliated Mutual fund seeks to generate long-term capital appreciation under normal market conditions. The Affiliated Mutual Fund invests primarily in common stocks of companies of all sizes, including small and micro-capitalization companies. The prospectus for the Affiliated Mutual Fund contains a complete description of the Affiliated Mutual Fund, its strategies, objectives, costs, and

risks. Before investing clients in the Affiliated Mutual Fund, the Registrant will make a good faith determination about whether an investment would reasonably be appropriate by considering factors that may include but are not limited to the following: (1) the client's investment objectives; (2) the total amount of client assets currently being managed by Registrant; (3) the amount of anticipated future contributions that the client will make to the account(s) being managed by the Registrant; (4) the cost and efficiency of managing the client's assets including and excluding an investment in the Affiliated Mutual Fund; and (5) the combined management fees and expense ratios of other non-affiliated mutual funds. However, the Registrant has a preference for recommending the Affiliated Mutual Fund to its clients.

Mutual funds charge operating expenses and investment management fees. As described in the Affiliated Mutual Fund's prospectus, the Registrant receives a 1.00% management fee from the Affiliated Mutual Fund based upon the amount of assets invested in the Affiliated Mutual Fund. In addition, as also described in the Affiliated Mutual Fund prospectus, the Registrant receives an additional fee of 0.45% of the Affiliated Mutual Fund's average daily net assets up to \$100 million, and 0.25% of such assets in excess of \$100 million and is obligated to pay the operating expenses of the Affiliated Mutual Fund excluding management fees, brokerage fees and commissions, 12b-1 fees (if any), taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), ADR fees, the cost of acquired funds and extraordinary expenses. The Registrant will waive its investment advisory fee described in Item 5 below with respect to any client assets invested in the Affiliated Mutual Fund. Accordingly, the Registrant will only receive one layer of management fees—the investment management fee payable by the Affiliated Mutual Fund. Depending on the client's agreement with the Registrant, this could result in an increase or decrease in the amount of fees received by the Registrant. Clients may direct Registrant, in writing at any time, not to exercise its discretionary authority to place client assets in the Affiliated Mutual Fund or to limit the amount of assets that the Registrant may invest in the Affiliated Mutual Fund. **The Registrant's Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions regarding the above and any perceived conflict of interest.**

### **AFFILIATED PRIVATE FUND**

The Registrant's affiliate, Taylor Frigon Capital Management, is the investment adviser to Taylor Frigon Capital Partners, LP (the "Affiliated Private Fund"). The Registrant may recommend that qualified clients consider investing in the Affiliated Private Fund on a non-discretionary basis. The terms and conditions for participation in the Affiliated Private Fund, including management and incentive fees, conflicts of interest, and risk factors, are set forth in its offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in the Affiliated Private Fund or any other private investment fund.

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

fund and acknowledges and accepts the various risk factors that are associated with such an investment.

In valuing the assets of the Affiliated Private Fund, the Registrant relies on the most recent valuations provided by the underlying fund sponsors or issuer. When a fund sponsor or issuer has not provided any updated valuations, the Registrant will use the purchase price as the value of the investment. The current value of an investment in the Affiliated Private Fund could be significantly more or less than the original purchase price or the price reflected in any client report. The client's investment in the Affiliated Private Fund is not subject to an advisory fee discussed at Item 5 below, but remains subject to a management fee charged by the Affiliated Private Fund.

Because the Registrant and/or its affiliates can earn compensation from the Affiliated Private Fund (management fees, incentive compensation, etc.) that may exceed the fee that the Registrant would earn under its fee referenced in Item 5 below, the recommendation that a client become an Affiliated Private Fund investor presents a conflict of interest. The Registrant generally has a preference for recommending its Affiliated Private Fund over other non-affiliated funds, even if those other funds may have better track records or investment metrics. No client is under any obligation to become an Affiliated Private Fund investor. **The Registrant's Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions regarding this conflict of interest.**

### **Important Disclosures**

#### **Limitations of Financial Planning and Non-Investment Consulting/Implementation**

**Services:** As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services inclusive of its advisory fee as set forth at Item 5 below (exceptions may occur based upon assets under management, special projects, etc., for which the Registrant may charge a separate fee). However, neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. The Registrant does not monitor a client's financial plan, unless specifically engaged to do so, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired. **Legal and Accounting Services.** To the extent requested by the client, the Registrant's advisory fee shall include certain legal and/or accounting-related services. Additional legal and/or accounting services shall be available per the terms and conditions of a separate fee and agreement. All such services shall be provided in conjunction with one of Registrant's affiliated members, Ryan M. Scharber, PLC and MJCW LLC, respectively. **Please Note:** Although Registrant's advisory fee shall include the fee for certain legal and/or accounting-related services, all such services shall be provided by the legal or accounting professional in such professional's separate licensed capacity per the terms and conditions of a separate agreement between the client and the professional. **See Licensed Attorney and Accounting and Tax Preparation Services discussed at Item 10 below.** To the extent requested by a client, the Registrant may recommend the services of other unaffiliated professionals for certain non-investment implementation purposes (i.e., insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any recommended unaffiliated

professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab*, generally do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that *Schwab* will not change its transaction fee pricing in the future). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a “trade-away” fee charged by *Schwab*). These fees/charges are in addition to Registrant’s investment advisory fee at Item 5 below. Registrant does not receive any portion of these fees/charges.

**Use of Mutual Funds:** Most mutual funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, they will not receive Registrant’s initial and ongoing investment advisory services.

In addition to Registrant’s investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Retirement Plan Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the Employment Retirement Income Security Act of 1974 (“ERISA”), or the Internal Revenue Code, or both. Clients

are under absolutely no obligation to engage Registrant as the investment adviser for his/her retirement account.

**Client Retirement Plan Assets.** If requested to do so, Registrant shall provide investment advisory services relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan established by the client's employer. In such event, Registrant shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. Registrant's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. Registrant will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Registrant of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. Unless expressly indicated by the Registrant to the contrary, in writing, the client's 401(k) plan assets shall be included as assets under management for purposes of Registrant calculating its advisory fee. The Registrant shall not maintain the client's 401(k) password.

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

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

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

As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Registrant shall calculate its fee based upon the latest value provided by the fund sponsor. **Portfolio Activity:** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Cash Positions:** Registrant treats cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Registrant's advisory fee. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's cash positions.

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

**Disclosure Statement:** A copy of the Registrant's written Brochure and CRS, as set forth on Parts 2 and 3 of Form ADV, respectively, shall be provided to each client prior to the execution of any new advisory agreement.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of October 25, 2022, the Registrant had \$0 in assets under management on a discretionary basis.

## **Item 5            Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**



Clients that engage the Registrant to provide discretionary investment advisory services, generally are charged an advisory fee of 1.25% of the market value of assets placed under the Registrant's management/advisement and shall be based upon various objective and subjective factors. The Registrant shall provide investment advisory services to its clients in conjunction with Taylor Frigon Capital Management, LLC ("TFCM"), the Registrant's affiliated SEC registered investment advisor per the terms and conditions of a sub-advisory agreement between the Registrant and TFCM.

Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services, and certain legal and accounting-related services provided by the Registrant's members as discussed above and below. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning, legal, accounting, and/or consulting services to be rendered. The services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. *See* additional fee-related disclosure at Item 7 below

In addition, as disclosed above at Item 4, to the extent requested by the client, the Registrant's advisory fee shall include certain legal and/or accounting-related services. Additional legal and/or accounting services shall be available per the terms and conditions of a separate fee and agreement. All such services shall be provided in conjunction with one of Registrant's affiliated members, Ryan M. Scharber, PLC and MJCW LLC, respectively. **Please Note:** Although Registrant's advisory fee shall include the fee for certain legal and/or accounting-related services, all such services shall be provided by the legal or accounting professional in such professional's separate licensed capacity per the terms and conditions of a separate agreement between the client and the professional. **See Licensed Attorney and Accounting and Tax Preparation Services** discussed at Item 10 below.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that advisory fee to the Registrant in compliance with regulatory procedures.

In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that Charles Schwab ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge transaction fees for effecting certain securities transactions.

In addition to the Registrant's investment management fee and/or transaction fees, clients will also incur, relative to all mutual fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Clients engaging *Independent Managers* will incur additional investment advisory fees.

Registrant's recommendation that a client consider entering into an Asset-Based pricing agreement with the account broker-dealer/custodian would depend upon whether, based upon anticipated account size and activity, Registrant reasonably believes that the client would benefit from the available pricing arrangement.

Under an asset based pricing arrangement, the amount that a client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of the account, generally expressed in basis points and/or a percentage. One basis point is equal to one one-hundredth of one percent (1/100th of 1%, or 0.01% (0.0001)). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against the account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. Under either the asset-based or transaction-based pricing scenario, the fees charged by the respective broker-dealer/custodian are separate from, and in addition to, the advisory fee payable by the client to Registrant per Item 5 below. Registrant does not receive any portion of the asset based transaction fees payable by you to the account custodian. The client is under no obligation to enter into an asset-based arrangement, and, if the client does, the client can request at any time to switch from asset based pricing to transactions based pricing. However, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by the client to switch to transaction based pricing could prove to be economically disadvantageous. **Registrant's Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions that a client or prospective client may have regarding Asset-Based versus Transaction- Based pricing.**

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The Registrant, in its sole discretion, may charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, Registrant employees and family members, courtesy accounts, competition, negotiations with client, etc.).

As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar, lower, or higher fees.

With the exception of a financial planning engagement on a project basis, which may automatically terminate upon the completion of the project, agreements between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Agreement. Upon termination, the Registrant shall refund to the client any unearned, prepaid fees.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees. However, the Registrant may charge performance-based fees to the Affiliated Private Fund or its investors, so long as they are a qualified client who have at least \$1,100,000 in portfolio assets managed by the firm, or who together with their spouse have a net worth of at least \$2,200,000 excluding their principal residence. Clients are advised that performance-based fees involve a sharing of any portfolio gains between the client and the investment manager.

Performance-based fees create an economic incentive for the Registrant to take additional risks in the management of the Affiliated Private Fund. A complete description of the fees for investing in the Affiliated Private Fund is set forth in its offering documents.

A conflict of interest exists because we generally charge advisory clients an asset-based fee for the advisory services we provide, but we (or our affiliates) are entitled to receive performance-based fees or allocations from the Affiliated Private Fund. As a result, we have an incentive to recommend that an advisory client invest in the Affiliated Private Fund, as opposed to holding assets only in separate accounts and allocating those assets to investment solutions through which we (or our affiliates) would not be entitled to receive performance-based fees or allocations. In addition, for those clients to whom we have agreed to charge performance-based fees, we have an incentive to favor those client accounts so that they perform better and, in turn, we receive a greater amount of fees. We also may have an incentive to offer investments that we believe will be more profitable than others to the Affiliated Private Fund in order to earn more compensation. We seek to address these conflicts of interest by emphasizing our duty to place the interests of our clients first. In addition, the performance of the Affiliated Private Fund does not drive the compensation structure of our client advisers, though client advisers who indirectly have an equity interest in the Registrant will derive indirect benefits from performance-based fees or allocations received by our affiliates or us.

## Item 7                      Types of Clients

The Registrant's clients shall generally include individuals, high net worth individuals, investment companies, pooled investment vehicles, pension and profit-sharing plans, charitable organizations, business entities, etc. Registrant minimum annual fee is \$125,000.00 (\$31,250.00 quarterly) for investment advisory services (inclusive of certain legal and accounting services-*see* Item 10 below). Registrant, in its discretion, may charge a lesser investment advisory fee, waive or modify its minimum annual fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **Please Also Note:** For clients with less than \$10,000,000 under the Registrant's management and who are subject to the minimum annual fee, the client could pay higher than the 1.25% annual advisory fee referenced at Item 5 above. **ANY QUESTIONS:**

Registrant's Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

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

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

**Investment Risk.** 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 the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

- C. Currently, the Registrant primarily recommends that clients allocate investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and unaffiliated private investment funds on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

All investment strategies have certain risks that are borne by the investor. Although there is no way to list all risks involved with investing, the following are common risks born by the majority of investors:

**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, bond prices generally fall.

**REITs.** REITs are subject to risks generally associated with investing in real estate, such as: possible declines in the value of real estate; adverse general and local economic conditions; possible lack of availability of mortgage funds; changes in interest rates; and environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

**Mutual Fund Risk.** Mutual funds are operated by investment companies that raise money from shareholders and invests it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

**Margin Accounts: Risks/Conflict of Interest.** Registrant **does not** recommend the use of margin for investment purposes. A *margin account* is a brokerage account that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. Should a client determine to use margin, Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Registrant's fee shall be based upon a higher margined account value, resulting in Registrant earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since Registrant may have an economic disincentive to recommend that the client terminate the use of margin.

**Please Note:** The use of margin can cause significant adverse financial consequences in the event of a market correction. **ANY QUESTIONS: Our Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions that a client or prospective client may have regarding the use of margin.**

## **Item 9                      Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

## Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, 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 the Registrant, 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. **Other Investment Adviser Firm.** Taylor Frigon Capital Management, LLC (“TFCM”), is an affiliated SEC registered investment advisor firm TFCM shall provide sub-advisory services to the Registrant per the terms and conditions of a separate sub-advisory agreement between the Registrant and TFCM. **The Registrant’s Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions that a client or prospective client may have regarding the above sub-advisory arrangement.**

**Affiliated Private Fund and Affiliated Mutual Fund.** As disclosed at Item 4 above, TFCM serves as the investment adviser to the Affiliated Private Fund and the Affiliated Mutual Fund.

**Legal and Accounting Services.** To the extent requested by the client, the Registrant’s advisory fee shall include certain limited legal and/or accounting-related services. Additional legal and/or accounting services shall be available per the terms and conditions of a separate fee and agreement. All such services shall be provided in conjunction with one of Registrant’s affiliated members, Ryan M. Scharber, PLC and MJCW LLC, respectively. **Please Note:** Although Registrant’s advisory fee shall include the fee for certain legal and/or accounting-related services, all such services shall be provided by the legal or accounting professional in such professional’s separate licensed capacity per the terms and conditions of a separate agreement between the client and the professional.

**Licensed Attorney.** Registrant’s member, Ryan M. Scharber, PLC, is owned by Ryan M. Scharber, a licensed Attorney with the law firm of Hoopes, Adams & Scharber, PLC (“Hoopes, Adams & Scharber. Mr. Scharber can provide s his advice and counsel **limited to** estate planning, wills, trusts and uncontested probate services to Registrant’s advisory clients, inclusive of Registrant’s advisory fee, per the terms and conditions of a separate agreement between the client and Mr. Scharber and/or Hoopes, Adams & Scharber. In the event that Hoopes, Adams & Scharber Mr. In the event that Mr. Scharber and/or Hoopes, Adams & Scharber is recommended to provide non-included legal services, a conflict of interest is presented because Mr. Scharber and/or Hoopes, Adams & Scharber can derive separate and additional compensation. This conflict is mitigated by Registrant’s fiduciary duty to provide any such recommendation in the best interest of the client. Legal services may be available through other lawyers and law firms at higher or lower fees. As a client, you are not obligated to engage with Mr. Scharber and/or Hoopes, Adams & Scharber for any non-included services...

**Accounting and Tax Preparation Services.** Registrant’s member, MJCW LLC (“MJCW”), is an accounting firm. MJCW can provide advisory clients with services **limited to** tax planning, tax preparation services, and correspondence audits inclusive of Registrant’s advisory fee, per the terms and conditions of a

separate agreement between the client and MJCW. In the event that MJWC is recommended to provide non-included services, a conflict of interest is presented because MJWC can derive separate and additional compensation. This conflict is mitigated by Registrant's fiduciary duty to provide any such recommendation in the best interest of the client. Accounting services may be available through other accounting firms at higher or lower fees. As a client, you are not obligated to engage MJCW for any non-included services.

- D. The Registrant 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**

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

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

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

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

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

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Registrant to use a specific broker-dealer/custodian), Registrant recommends that investment management accounts be maintained at Schwab. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal advisory agreement with the Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Registrant considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with Registrant's 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 Registrant determines, in good faith, that the commission/transaction fee is reasonable. 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-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it 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, Registrant's investment management fee. Registrant's best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Research and Additional Benefits**

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



computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

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

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

**ANY QUESTIONS: Registrant's Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

2. Registrant does not receive referrals from broker-dealers.
3. Registrant 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 Registrant 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 Registrant. 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 Registrant 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 Registrant. Higher transaction costs adversely impact account performance.

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

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

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

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

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

- A. As referenced in Item 12.A.1 above, the Registrant can receive an economic benefit from *Schwab*, and others. The Registrant, without cost (and/or at a discount), can receive support services and/or products from such entities.

There is no corresponding commitment made by the Registrant to a broker-dealer or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. Neither the Registrant nor its representatives compensate any non-supervised persons for client referrals.

### **Item 15            Custody**

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

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

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

In addition, certain clients may establish asset transfer authorizations that permit the qualified custodian to rely upon instructions from Registrant to transfer client funds or securities to third parties. These arrangements will be disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts will not subject to an annual surprise CPA examination.

## **Item 16            Investment Discretion**

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

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

## **Item 17            Voting Client Securities**

Registrant, in conjunction with TFCM's sub-advisory services shall be responsible for voting client proxies in conjunction with the proxy voting administrative and due diligence services provided by Proxy Edge, an unaffiliated nationally recognized proxy voting service of Broadridge Financial Solutions, Inc. ("Broadridge") Registrant, in conjunction with the services provided by Broadridge, shall monitor corporate actions of individual issuers and investment companies consistent with Registrant's fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Registrant (in conjunction with the services provided by Broadridge) shall maintain records pertaining to proxy voting as required under the Advisers Act. Information pertaining to how Registrant voted on any specific proxy issue is also available upon written request. **Any questions regarding Registrant's proxy voting policy shall be directed to Registrant's Chief Compliance Officer, Jennifer O. Hall.**

**Item 18            Financial Information**

- A.        The Registrant does not require clients to pay fees of more than \$1,200, per client, six months or more in advance.
- B.        The Registrant 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.        The Registrant has not been the subject of a bankruptcy petition.

**The Registrant's Chief Compliance Officer, Jennifer O. Hall, remains available to address any questions that a client or prospective client may have regarding the disclosures in this Brochure.**