



## Form ADV Part 2A Investment Adviser Brochure

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October 2023

This Brochure provides information about the qualifications and business practices of Auxano Advisors, LLC (“we,” “us,” “our”). If you have any questions about the contents of this Brochure, please contact Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer, and Client Advisor, at (425) 889-1261 or [Peter@auxanoadvisors.com](mailto:Peter@auxanoadvisors.com).

Additional information about our Firm is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Summary of Material Changes

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### **Annual Update**

In this Item of Auxano Advisors, LLC's (Auxano or the FIRM) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing on March 30, 2023, the Firm has the following Material Changes to report:

- This Form was updated to clarify that we do not vote proxies on behalf of clients. Please see Item 17 (Voting Client Securities)

### **Full Brochure Available**

Auxano's Form ADV may be requested at any time, without charge by contacting Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer, and Client Advisor, at (425) 889-1261 or [Peter@auxanoadvisors.com](mailto:Peter@auxanoadvisors.com).

Additional information about our Firm is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

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## Item 4: Advisory Business

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### **Firm Description**

Auxano Advisors, LLC (Auxano) is an investment advisory firm providing investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations and corporations. Auxano and its predecessor Firm have been serving clients continuously since 1987.

### **Principal Owners**

Auxano's primary owner is Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer and Client Advisor. Alex K. Lee, Client Advisor; and Dwight S. Whiting, Client Advisor, have some minority ownership in the Firm.

### **Types of Advisory Services**

Auxano offers a comprehensive package of services (Family Office Services) to its clients or offers portfolio management on a stand-alone basis (Investment Advisory Services).

### **Family Office Services**

Family Office Services may include a review of all aspects of a client's current financial situation, including, but not limited to asset allocation, investment review, cash management, risk management, insurance, education funding, goal setting, retirement planning, estate planning, charitable giving planning, tax planning, and capital needs planning.

Family Office Services may also include investment advisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Auxano develops a client's personal investment policy and creates and manages a portfolio based on that policy. Auxano will manage advisory accounts on both a discretionary and nondiscretionary basis.

Auxano meets with the client to review risk tolerance, financial goals and objectives, and time horizons. Meetings may also include a review of additional financial information, sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

Auxano does not provide specific tax or legal advice but with the client's consent, Auxano may work with client's other advisors (accountant, attorney, or insurance agent) to help with coordination and implementation of the agreed upon strategies. The client should be aware that their other advisors will bill them separately for their services and these fees will be in addition to those of Auxano. Specific product recommendations made by Auxano (or its related persons) will usually be for "no-load" (i.e., no commission) products, if available. In some cases, such as insurance products, there may not be a suitable selection of no-load products available for recommendation.

Family Office Services are based on the client's financial situation at the time and are based on financial information disclosed by client to Auxano. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. Auxano cannot offer any guarantees or promises that the client's financial goals and objectives will be met. Further, the client must continue to review any plan and update the plan based upon changes in the client's financial situation, goals, or objectives or changes in the economy. Should the client's financial situation or investment goals or objectives change, the client must notify Auxano promptly of the changes.

### **Investment Advisory Services**

Auxano provides investment advisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Auxano develops a client's personal investment policy and creates and manages a portfolio based on that policy. Auxano will manage advisory accounts on both a discretionary and non-discretionary basis.

### **Financial Planning**

Financial planning may be offered as a component of the overall investment advisory services and may include a review of a client's current financial situation. A review may include the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. Auxano generally does not charge a separate fee for financial planning services.

### **Other Investments – Independent Managers / Private Funds**

If suitable, Auxano may recommend the use of Independent Manager(s) or Private Funds to certain clients as a component of overall investment planning and allocation advice. When recommending an Independent Manager or Private Fund, Auxano shall review disclosure documents, investment agreements, private placement memoranda and other materials, as applicable. Auxano shall continue to render services to the client relative to assets placed with Independent Manager(s) or Private Funds, including monitoring and review of account performance and client investment objectives.

### **Other Services**

Auxano has a relationship with Blue Kayak Partners, LLC, a state-registered Investment Adviser, to provide consulting services to the Firm. Jon K. Pinkston, Founder and Chief Investment Officer with Blue Kayak Partners, LLC, provides market strategy and fundamental research to Auxano.

### **Tailored Relationships**

Auxano tailors advisory services to the individual needs of the client. Clients may impose restrictions on investing in certain securities or types of securities. All limitations and restrictions placed on accounts must be presented to Auxano in writing.

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objectives. Agreements may not be assigned without client consent.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, (“ERISA”) and/or the Internal Revenue Code, (“IRC”), as applicable, which are laws governing retirement accounts.

We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. We must take into consideration each client’s objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client’s needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;
- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;
- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

### **Wrap Fee Programs**

Auxano does not participate in a Wrap Fee Program.

**Client Assets**

As of December 31, 2022, Auxano manages \$1,024,874,400 in assets under management; \$974,742,800 is managed on a discretionary basis, and \$50,131,600 is managed on a non-discretionary basis.

## Item 5: Fees and Compensation

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### **Compensation**

Auxano bases its fees on a percentage of assets under management.

### **Compensation – Family Office Services**

Auxano's fee schedule starts at 1.00% and declines thereafter based upon the amount of assets the client has managed by the Firm, as outlined in the client agreement.

### **Compensation – Investment Advisory Services**

For Clients with \$1 million or more, Auxano's fee schedule starts at 1.00% and declines thereafter based upon the amount of assets the client has managed by the Firm, as outlined in the client agreement. For Clients with less than \$1 million, the fee schedule starts at 1.25% and declines thereafter based upon the amount of assets the client has managed by the Firm.

### **Compensation – Financial Planning**

As noted in Item 4, Auxano does not charge separately for financial planning services.

### **Compensation – Other Investments – Independent Managers / Private Funds**

In most instances, Auxano will receive its standard management fee on the overall client portfolio. In addition, advisors to the Private Funds will receive management and/or performance fees as disclosed in the separate investment management agreement or private placement memoranda.

As outlined in Item 4, Advisory Business, Auxano may utilize the services of a third-party investment manager, selected by Auxano, based on your investment objectives and needs. In addition to Auxano's fees set forth in your Agreement, you will also pay for the fees charged by such investment manager. These annual fees can range between 0.25% and 0.60%, based on the individual third-party investment manager, on the amount(s) invested with each third-party investment manager. Auxano will provide notice if it wishes to engage such advisors and will ask you to execute any necessary agreements, as applicable.

### **Compensation – Other Services**

As noted in Item 4, Auxano has a consulting arrangement with Blue Kayak Partners, LLC. Auxano compensates Blue Kayak Partners, LLC directly for consulting services provided to the Firm. Compensation received by Blue Kayak Partners, LLC does not result in higher fees for Auxano clients.

### **Calculation and Payment**

The specific manner in which fees are charged by Auxano is established in a client's written agreement with Auxano. Auxano will generally calculate fees in arrears each calendar quarter. Clients may also elect to be invoiced directly for fees or to authorize Auxano to directly debit fees from client accounts.



Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **Other Fees**

Auxano's Family Office and Investment Advisory Services fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by Independent Managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Auxano's fee, and Auxano shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Auxano considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **Termination of Agreement**

A client may terminate any of the aforementioned agreements at any time by notifying Auxano in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Auxano will refund any unearned portion of the advance payment.

### **Other Compensation**

Neither Auxano nor any of its supervised persons (employees) accept compensation for the sale of securities or other investment products.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, *i.e.*, money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon. You may experience negative performance on the cash portion of your portfolio if the investment advisory fees charged are higher than the returns you receive from your cash.

### **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their 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 advise on the client’s 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.

If the client elects to roll the assets to an IRA that is subject to our advisement, we will charge the client an asset-based fee as set forth in the advisory agreement the client executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to the client (i.e., receipt of additional fee-based compensation). Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on 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 our clients’ best interests and not put our interests ahead of our clients.’

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 our clients’ 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 our clients’ best interests;
- charge no more than a reasonable fee for our services; and
- give clients 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, clients 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 the 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 clients with an explanation of the advantages and disadvantages of both account types and document the basis for our belief that the rollover transaction we recommend is in your best interests.

### **General Information on Compensation**

In certain circumstances, all fees and account minimums may be negotiable. Auxano's fees may be negotiable based on various criteria, including, but not limited to the size of the aggregate related party portfolio size and pre-existing relationships with clients. Compensation will ultimately be based on the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Related accounts may be linked for purposes of fee calculation if all parties agree; meaning certain accounts, approved by Auxano, may be grouped for fee calculations.

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

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Auxano does not engage in performance-based fee arrangements with clients.

## Item 7: Types of Clients

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### **Types of Clients**

As described in Item 4 above, Auxano provides investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and corporations.

### **Account Minimums**

Auxano requires a minimum account of \$1,000,000 for Investment Advisory clients. This minimum may be negotiable under certain circumstances. Auxano may group certain related client accounts for the purposes of achieving the minimum account size.

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

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### **Methods of Analysis**

Auxano may employ a variety of methods of investment analysis including but not limited to fundamental analysis, technical analysis and cyclical analysis.

**Fundamental Analysis.** Auxano attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** Auxano analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of analysis, we evaluate the overall business cycle to determine the attractiveness of a given investment or mix of investments.

### **Investment Strategies**

Investment strategies used by Auxano to implement investment advice given to clients can take the form of long-term purchases (securities held at least a year) as well as short-term purchases (securities sold within a year) depending on the investment climate and unique client circumstances. Strategies may be implemented by investing in both listed and privately placed securities. Client portfolios are managed in a way that is intended to be consistent with their risk profile and long-term investment objectives.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **False or Misleading Information:** Auxano relies on information obtained from sources believed to be reliable to make investment decisions. No guarantee can be made that these sources are indeed reliable.
- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

## Item 9: Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Auxano or the integrity of Auxano's management. Auxano has no information to disclose applicable to this Item.



## Item 10: Other Financial Industry Activities and Affiliations

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### **Financial Industry Activities**

Auxano is not registered as a broker-dealer, and none of its management persons are registered representatives of a broker-dealer.

Neither Auxano nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Other Financial Industry Affiliations**

Certain employees have life and disability insurance licenses and may receive separate compensation for insurance policy sales. Clients are not obligated to use Auxano for insurance product purchases and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory and other fees charged by Auxano.

Peter W. Cline is the President of the BridgeHead Foundation, a non-profit, private foundation. Peter W. Cline helps to administer the organization, which makes grants to various charities. Peter W. Cline is not compensated for his role with the Foundation.

### **Other Investment Advisors**

Auxano may recommend or select other investment advisors for its clients. Auxano does not receive compensation for these recommendations.

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

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### **Code of Ethics**

Auxano employees must comply with a Code of Ethics and Statement for Insider Trading (the “Code”). The Code describes the Firms’ high standard of business conduct, and fiduciary duty to its clients. The Code’s key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer and Client Advisor reviews all employee trades each quarter. His trades are reviewed by Brian Y. Hill, Director of Operations. These reviews ensure that personal trading does not affect the markets, and that clients of Auxano receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

All Auxano employees must acknowledge the terms of the Code at least annually.

Any individual not in compliance with the Code may be subject to termination.

Clients and prospective clients can obtain a copy of Auxano’s Code by contacting Peter W. Cline at (425) 889-1261.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

Auxano and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. These trades may not occur ahead of client trades. The Code, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of Auxano will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Auxano’s clients. In addition, the Code restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code, and to reasonably prevent conflicts of interest between Auxano and its clients.

**Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross**

Auxano and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is Auxano's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Auxano will also not cross trades between client accounts.

**Participation or Interest in Client Transactions – Aggregation**

Auxano and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with Auxano's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Auxano will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

Auxano does not receive soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Brokerage – Other Economic Benefits”.

### **Brokerage for Client Referrals**

Auxano does not receive client referrals from broker/dealers.

### **Directed Brokerage**

Auxano manages investment advisory accounts on a discretionary basis, which means that Auxano has the authority to determine the securities that are bought or sold and the amounts of the purchases and sales. If a client wishes to limit this authority, the client must specify any limitations in writing at any time. Clients must provide Auxano with written authorization to select the broker/custodian. Auxano may recommend a broker/custodian to clients.

While not routine, the client may direct Auxano to use a particular broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Auxano will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by Auxano. By directing brokerage, the 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. Not all advisers require or allow their clients to direct brokerage. Subject to its duty of best execution, Auxano may decline a client’s request to direct brokerage if, in Auxano’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Brokerage – Best Execution**

Auxano seeks best execution when effecting transactions for client accounts. Although there is no fixed manner to determine whether a particular broker provides best execution, the following factors may be relevant:

1. Competitive fees for comparable execution and services rendered from other brokers for similar transactions
2. Access to the trading desk
3. Difficulty of order
4. Broker's distribution network
5. Willingness of broker to commit its own capital to work difficult orders, and
6. Broker's level of accuracy in executing, reporting and settling transacted orders.

### **Brokerage – Other Economic Benefits**

Auxano generally recommends that Investment Advisory clients establish brokerage accounts with Schwab Institutional (Schwab) to maintain custody of clients' assets and to effect trades for their accounts.

Auxano is independently owned and operated and not affiliated with Schwab. Schwab provides Auxano with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis **and are not otherwise contingent upon Auxano committing to Schwab any specific amount of business** (assets in custody or trading).

For Auxano client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. The brokerage commissions and/or transaction fees charged by Schwab, or any other designated broker-dealer are exclusive of and in addition to Auxano's fees.

Schwab offers services intended to help Auxano manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Auxano.

Auxano may also receive from Schwab, at no cost to Auxano, professional services, computer software and related systems support, enabling Auxano to better monitor client accounts maintained at Schwab. Auxano may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at Schwab. The support provided may benefit Auxano, but not its clients directly. Many of these products and services may be used to service all or some substantial number Auxano accounts, including accounts not maintained at Schwab.

Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Auxano. In evaluating whether to recommend or require that clients custody their assets at Schwab, Auxano may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. Auxano does not believe such incentives impair Auxano's independence.

In fulfilling its duties to its clients, Auxano endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Auxano's receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence Auxano's

choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

The commissions paid by Auxano's clients shall comply with Auxano's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Auxano determines, in good faith, that the commission 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-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Auxano will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Other third-party service providers may provide non-cash benefits to Auxano and/or its employees from time to time. These economic benefits may include, but are not limited to, waivers or reductions of conference registration fees, meals, entertainment and promotional premium items that have nominal value. Auxano believes these economic benefits do not, either individually or collectively, impair Auxano's independence. Prior to the acceptance of any consideration, employees must obtain authorization and approval from Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer and Client Advisor.

#### **Trade Aggregation – Other**

Auxano typically aggregates trades for multiple accounts. Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Auxano's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Accounts for Auxano or its employees may be included in a block trade with client accounts.

## Item 13: Review of Accounts

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### **Reviews**

Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer and Client Advisor is responsible for overseeing all reviews.

Auxano's Investment Committee is comprised of Peter W. Cline, Alex K. Lee, Dwight S. Whiting, Andrew S. Matzen, Kimberlee J. Rankin, Davis M. Walker, and Brian Y. Hill. Jon K. Pinkston, Senior Investment Strategist, provides guidance to the Investment Committee but has no access to any non-public personal information about clients. Members of the Investment Committee meet periodically to discuss overall Firm investment philosophy. Peter W. Cline, Alex K. Lee, Dwight S. Whiting, Kimberlee J. Rankin, and Davis M. Walker are Client Advisors.

Each client is assigned a Client Advisor who has the responsibility for communicating with the client. The Client Advisor typically obtains a Risk Questionnaire from the client and prepares a written Investment Policy Statement (IPS) to establish investment goals, objectives and management policies applicable to the client's investment portfolio. The IPS generally covers the following areas (as applicable): a review of the client's circumstances, the purpose of the portfolio and its time horizon, portfolio goals, tax considerations, investor goals, investment policy objectives, anticipated liquidity needs, investment philosophy and proposed asset allocation, investment selection, constraints, risk tolerance, monitoring intervals, and portfolio loans, as applicable.

The Risk Questionnaire and IPS are an integral part of reviewing accounts and are updated (as necessary) and presented to clients periodically.

The Investment Committee and Client Advisors monitor client accounts continuously, while Client Advisors perform a more detailed review of client accounts periodically. These reviews typically include comparing the portfolio with the goals and objectives as outlined by the Risk Questionnaire and IPS, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio and communicating the status of the portfolio to the client.

Reviews may also occur at the time of new deposits, material changes in client's financial information, or changes in economic cycles.

Auxano encourages frequent client contact but will seek out contact no less than annually. However, clients are obligated to promptly notify Auxano of any changes in the client's financial status to ensure that investment strategies continue to meet the client's changing needs.

### **Reporting**

Clients receive written reports at least quarterly from custodial and brokerage firms, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance. In addition, clients may receive trade confirmations for each

position bought and sold. Auxano may periodically prepare reports or communications related to investment advisory or services provided.



## Item 14: Client Referrals and Other Compensation

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### **Other Compensation**

Auxano does not receive any economic benefits (other than normal compensation and benefits described in Item 12) from any firm or individual for providing investment advice.

### **Other Compensation – Brokerage Arrangements**

See disclosure under Item 12 for brokerage practices regarding compensation, including economic benefits received in connection with giving advice to clients.

### **Compensation – Client Referrals**

Auxano has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. Auxano does not compensate referring parties for these referrals.

## Item 15: Custody

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### **Custody – Fee Debiting**

Client assets shall be held in the custody of a bank, trust company or brokerage firm agreed upon by the client and Auxano. The client may authorize Auxano (in the client agreement) to debit fees directly from the client's account at the custodian. The custodian is advised in writing of the limitation of Auxano's access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Auxano.

### **Custody – First Party Money Transfers**

Clients may provide Auxano with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e., a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

### **Custody – Account Statements**

As described in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian (custodian) that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Auxano provides. Auxano statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

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Through the investment management agreement, Auxano may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Auxano to execute trades on behalf of clients.

When such limited powers exist between the Auxano and the client, Auxano has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, Auxano may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Auxano in writing.

If Auxano has not been given discretionary authority, Auxano consults with the client prior to each trade.

## Item 17: Voting Client Securities

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### **Proxy Voting**

Auxano does not have any authority to and does not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact Auxano for information about proxy voting.

## Item 18: Financial Information

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Auxano has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Auxano is not required to provide a balance sheet because Auxano does not require prepayment of fees of both more than \$1,200 per client **and** more than six months in advance.



ADVISORS  
Form ADV Part 2B  
Investment Adviser Brochure Supplement

10900 NE 4th Street, Suite 1950  
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[www.auxanoadvisors.com](http://www.auxanoadvisors.com)

**Supervisor: Peter W. Cline**

**Supervisor of:**

Alexander K. Lee  
Daniel A. Anderson  
Brian Y. Hill  
Jared L. D. Davis

Dwight S. Whiting  
Davis M. Walker  
Andrew S. Matzen  
Grayson E.A. Unger

October 2023

This Brochure Supplement provides information about the Firm's ("we," "us," "our") employees that supplements our Brochure. You should have received a copy of that Brochure. Please contact Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer, and Client Advisor, at (425) 889-1261 or [Peter@auxanoadvisors.com](mailto:Peter@auxanoadvisors.com) if you did not receive our Brochure or if you have any questions about the contents of this Supplement.

Additional information about our employee(s) referenced above is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each employee.

## Educational Background and Business Experience

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### **Education and Business Background**

All individuals that provide investment advice on behalf of Auxano are required to have a college degree and/or industry experience.

### **Supervised Persons**

***Peter W. Cline***

***Born 1960***

CRD #: 1690570

### **Business Background:**

Auxano Advisors, LLC

Founder, Chief Executive Officer,

2008 to Present

Chief Compliance Officer and Client Advisor

Raymond James Financial Services

Branch Manager

1991 to 2008

Laney and Company

Financial Advisor

1987 to 1990

### **Professional Designations and Licenses:**

CERTIFIED FINANCIAL PLANNER™ (CFP®)

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***Alexander K. Lee***

***Born 1967***

CRD #: 2220618

### **Business Background:**

Auxano Advisors, LLC

Partner and Client Advisor

2015 to Present

Client Advisor

2008 to 2015

Raymond James Financial Services

Financial Advisor

2002 to 2008

Waddell & Reed

Financial Advisor

1992 to 2002

### **Education Background:**

University of Washington

Bachelor of Arts, Economics

### **Professional Designations and Licenses:**

CERTIFIED FINANCIAL PLANNER™ (CFP®)

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**Dwight S. Whiting**

CRD #: 4904938

**Born 1957****Business Background:**

Auxano Advisors, LLC

Partner and Client Advisor

Client Advisor

2015 to Present

2014 to 2015

Morgan Stanley

Wealth Advisor, Portfolio Manager

2008 to 2014

UBS Financial Services

Financial Advisor

2004 to 2008

**Education Background:**

University of California San Diego

Bachelor of Arts, Management Science and Systems Engineering and

Bachelor of Science, Systems Science

Stanford University

Master of Science, Aeronautics, Astronautics and Robotics

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**Brian Y. Hill****Born 1970****Business Background:**

Auxano Advisors, LLC

Director of Operations

Director of Portfolio Accounting

Portfolio Administrator

2014 to Present

2010 to 2014

2008 to 2010

Raymond James Financial Services

Financial Advisor

1993 to 2008

**Education Background:**

Washington State University

Bachelor of Arts, Business Administration (Finance)

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**Andrew S. Matzen****Born 1984****Business Background:**

Auxano Advisors, LLC

Senior Investment Analyst

Associate Investment Analyst

2014 to Present

2011 to 2014

Laird Norton Tyee



Investment Performance Analyst 2008 to 2011

**Education Background:**

Seattle Pacific University  
Bachelor of Science, Business Finance

**Professional Designations:**

Chartered Financial Analyst (CFA)

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***Davis M. Walker***

***Born 1994***

CRD #: 7191805

**Business Background:**

Auxano Advisors, LLC  
Associate Client Advisor

2017 to Present

Madrona Financial Services, LLC  
Associate Investment Advisor

2016 to 2017

**Education Background:**

University of Washington, Bothell School of Business  
Bachelor of Business Administration, Finance

**Professional Designations:**

CERTIFIED FINANCIAL PLANNER™ (CFP®)

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***Jared L. D. Davis***

***Born 1971***

CRD #: 2817466

**Business Background:**

Auxano Advisors, LLC  
Investment Advisor Representative

2020 to Present

Key Bank  
Branch Manager  
Relationship Manager

2012 to 2020

US Bank  
Small Business Specialist

2008 to 2012

**Education Background:**

Hillsdale College  
Bachelor of Arts, Finance

**Professional Designations:**

## CERTIFIED FINANCIAL PLANNER (CFP®)

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***Daniel A. Anderson***

***Born 1987***

CRD #: 7716034

**Business Background:**

Auxano Advisors, LLC

Associate

2018 to Present

Castle High Value Surveys

High Value Consultant

2014 to 2018

**Education Background:**

Thomas Edison State University

Bachelor of Arts, Business Administration

**Professional Designations:**

CERTIFIED FINANCIAL PLANNER (CFP®)

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***Grayson E. A. Unger***

***Born 1994***

CRD #: 7716074

Auxano Advisors, LLC

Associate

2021 to Present

F1 Consultancy

Technical Coordinator

2014 to 2021

**Education Background:**

Western Governor's University

**Professional Designations:**

N/A

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**Professional Certifications**

Auxano's Supervised Persons maintain professional designations, which require the following minimum requirements:

**Chartered Financial Analyst (CFA)**

**Issued By**

CFA Institute

**Prerequisites**

Candidate must meet one of the following requirements prior to enrollment:

- Hold a bachelor's or equivalent degree from a college/university;
- Be within 11 months of the graduation month for a bachelor's degree or equivalent program by the date of sitting for the Level I exam; or
- Have a combination of 4,000 hours of work experience and/or higher education that was acquired over a minimum of three sequential years by the date of enrolling for the Level I exam;
- Have 4,000 hours of qualified work experience in the investment decision-making process (accrued before, during, or after participation in the CFA Program); and
- Submit two-to-three professional reference letters.

<b>Education Requirements</b>	Candidate must complete the following: <ul style="list-style-type: none"> <li>• Self-study program (250 hours of study for each of the 3 levels)</li> </ul>
<b>Exam Type</b>	Three in-person, proctored, closed-book, computer-based exams
<b>Continuing Education Requirements</b>	None

### **Certified Financial Planner™ (CFP®)**

<b>Issued By</b>	Certified Financial Planner Board of Standards, Inc.
<b>Prerequisites</b>	<p>Candidate must meet the following requirements:</p> <ul style="list-style-type: none"> <li>▪ A bachelor's degree (or higher) from an accredited college or university, and</li> <li>▪ 3 years of full-time personal financial planning experience (or the equivalent, 2,000 hours per year)</li> <li>▪ Agree to be bound by the CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals</li> </ul>
<b>Education Requirements</b>	<p>Candidate must complete a CFP®-board registered program, or hold one of the following:</p> <ul style="list-style-type: none"> <li>• CPA</li> <li>• ChFC</li> <li>• Chartered Life Underwriter (CLU)</li> <li>• CFA</li> <li>• Ph.D. in business or economics</li> <li>• Doctor of Business Administration</li> <li>• Attorney's License</li> </ul>
<b>Exam Type</b>	CFP® Certification Examination

### **Continuing Education Requirements**

Candidate must complete the following ongoing education and ethics requirements:

- 30 hours every 2 years, including 2 hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*
- Renew an agreement to be bound by the Standards of Professional Conduct

## Disciplinary Information

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Neither Auxano nor any Supervised Persons have been involved in any activities resulting in a disciplinary disclosure.

## Other Business Activities

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Disclosure on Outside Business Activities is provided in Form ADV Part 2A, Item 10.

Certain employees have life and disability insurance licenses and may receive separate compensation for insurance policy sales. Clients are not obligated to use Auxano for insurance product purchases and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory and other fees charged by Auxano.

Peter W. Cline is the President of the BridgeHead Foundation, a non-profit, private foundation. Peter W. Cline helps to administer the organization, which makes grants to various charities. Peter W. Cline is not compensated for his role with the Foundation.

Disclosure on Performance-based Fees is provided in Form ADV Part 2A, Item 6.

Neither Auxano nor any supervised persons receive commissions, bonuses or other compensation based on the sale of securities or other investment products, except as disclosed in Form ADV Part 2A, Items 12 and 14.

## Additional Compensation

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Supervised persons receive an economic benefit outside of their regular salary in the form of an additional bonus for bringing in prospective clients to the Firm.

## Supervision

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Peter W. Cline, Founder, Chief Executive Officer, Chief Compliance Officer and Client Advisor, supervises all persons named in this Form ADV Part 2 Investment Adviser Brochure Supplement. Peter W. Cline supervises these persons by holding regular staff, investment and

other ad hoc meetings. In addition, Peter W. Cline regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. Peter W. Cline may be reached at (425) 889-1261.