

# Pacific Equity, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Pacific Equity, LLC. If you have any questions about the contents of this brochure, please contact us at (707) 315-4535 or by email at: [keith@pe-ria.com](mailto:keith@pe-ria.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*This disclosure brochure is used for our clients who are residents of the United States of America ("clients", "U.S. clients"). Unless indicated otherwise, our disclosures in this Brochure are generally based upon our practices and policies for U.S. clients which may differ from our practices and policies for our clients who are not residents of United States of America ("non-U.S. clients"). The provisions of the U.S. Investment Advisers Act of 1940 as amended and SEC rules thereunder ("Advisers Act") and this Brochure and the protections of the Advisers Act do not apply to our non-U.S. clients, if any.*

*Additional information about Pacific Equity, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Pacific Equity, LLC's CRD number is: 282195.*

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*Pacific Equity, LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.*

Version Date: October 2023

## Item 2: Material Changes

Since our last annual amendment filing dated January 2023 , we have made the following material changes to this brochure.

Item 1 – Pacific Equity moved its primary office location to Khon Kaen, Thailand. See the Cover Page of this brochure for the firm’s contact information and mailing address.

Item 1 – Keith James Ponthieux updated his email address. See the Cover Page of this brochure for his new contact information.

Item 5, 12 and 14 – Pacific Equity has updated its Custodian Information. Pacific Equity uses Charles Schwab & Co., Inc. for custody, trade execution and other services.

**Contact Information:** Pacific Equity LLC has added another phone number (707-742-3838) as a means of contact and has changed its email address to: keith.ria.pe@protonmail.com

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm’s fiscal year ends. Our firm’s fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Pacific Equity, LLC (hereinafter "Pacific Equity, LLC") is a Limited Liability Company organized in the State of Wyoming.

The firm was formed in December 2015, and the principal owner is Keith James Ponthieux.

Pacific Equity filed its initial application to become registered as an investment adviser with the U.S. Securities Exchange Commission in July 2022. The application is still pending.

The following are descriptions of the primary advisory services of Pacific Equity, LLC. This Item only discusses services which are offered to our U.S. clients.

### **B. Types of Advisory Services**

#### ***Selection of Other Advisers***

Pacific Equity, LLC directs clients to third-party investment advisers to manage client assets. Before selecting other advisers for clients, Pacific Equity, LLC will always ensure those other advisers are properly licensed or registered as an investment adviser. Pacific Equity, LLC will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

Pacific Equity, LLC generally limits its investment advice to third-party investment advisers focusing on stocks, bonds, mutual funds, ETFs and will use other securities as well to help diversify a portfolio when applicable.

#### ***Asset Management Services***

Pacific Equity offers asset management services, which involves Pacific Equity providing you with continuous and ongoing supervision over your specified accounts.

You must appoint my firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by me based on your financial situation, investment objectives and risk tolerance. I actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

I will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying me of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, I will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. I am always reasonably available to consult with you relative to the status of your Account.

It is important that you understand that I manage investments for other clients and can give them advice or take actions for them or for my personal accounts that is different from the advice I provide to you or actions taken for you. I am not obligated to buy, sell or recommend to you any security or other investment that I can buy, sell or recommend for any other clients or for my own accounts.

Conflicts can arise in the allocation of investment opportunities among accounts that I manage. I strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by my firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to my attention will be allocated in any particular manner. If I obtain material, non-public information about a security or its issuer that I may not lawfully use or disclose, I have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

#### Retirement Plan Rollover Recommendations

When Pacific Equity provides investment advice about your retirement plan account or individual retirement account ("IRA") including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, we acknowledge that Pacific Equity is a "**fiduciary**" 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. The way Pacific Equity makes money creates conflicts with your interests so Pacific Equity operates under a special rule that requires Pacific Equity to act in your best interest and not put our interest ahead of you.

Under this special rule's provisions, Pacific Equity must act as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

- Meet a professional standard of care when making investment recommendations (e.g., give prudent advice);
- Never put the financial interests of Pacific Equity ahead of you when making recommendations (e.g., give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Pacific Equity gives advice that is in your best interest;
- Charge no more than is reasonable for the services of Pacific Equity; and
- Give Client basic information about conflicts of interest.

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by Pacific Equity, please know that Pacific Equity and our investment adviser representatives] have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by Pacific Equity. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by Pacific Equity.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Pacific Equity receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Pacific Equity and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.



When providing advice to your regarding a retirement plan account or IRA, our investment advisor representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Pacific Equity or our affiliated personnel.

### **C. Client Tailored Services and Client Imposed Restrictions**

Pacific Equity, LLC offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Pacific Equity, LLC does not participate in any wrap fee programs.

### **E. Assets Under Management**

Pacific Equity, LLC has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$7,468,364            | \$0                        | 12/22/2022       |

## **Item 5: Fees and Compensation**

Lower fees for comparable services may be available from other sources.

### **A. Fee Schedule**

#### **Selection of Other Advisers Fees**

Pacific Equity, LLC will be compensated via a fee share. This relationship will be memorialized in each contract between Pacific Equity, LLC and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency.

PACIFIC EQUITY LLC FEE STRUCTURE

| ASSETS UNDER MANAGEMENT   | QUARTERLY FEE | ANNUAL FEE |
|---------------------------|---------------|------------|
| \$0 - \$1,000,000         | 0.25%         | 1.0%       |
| \$1,000,001 - \$3,000,000 | 0.1875%       | 0.75%      |
| AMOUNTS OVER \$3,000,001  | 0.125%        | 0.5%       |

**ADVISOR FEES**

Pacific Equity and Schwab's fees are charged quarterly in arrears. All fees are charged separately and debited from the client's account by Schwab. Pacific Equity, LLC provides the billing invoice to Schwab, who deducts the fees.

Fees for asset management services are based on the fair market value of the assets under management as of the last business day of the current quarterly billing period. Fees are payable on the next calendar day following the end of the current quarterly period. Fees shall be pro-rated for additions or withdrawals during each quarterly billing period. Fees can only be changed in writing by agreement of the parties.

Client will maintain or deposit sufficient funds in the Account to cover the Fees and any other amounts due under this Agreement. The custodian will provide itemized Fee invoices including each portfolio's respective fee, the amount of assets under management the fee is based on, and the time period covered by the fee to the Client, and Client is responsible for verifying the Fee computations.

**Selection of Other Advisers Fees**

Pacific Equity, LLC may also direct clients to Synergy Asset Management, LLC or another suitable sub-advisor. The negotiable annual fee schedules are as follows:

**SPECIFIC FEE STRUCTURE FOR:**

SYNERGY ASSET MANAGEMENT, LLC  
FEE STRUCTURE

ADVISOR

| Synergy Advisor Fees |               |            |
|----------------------|---------------|------------|
|                      | QUARTERLY FEE | ANNUAL FEE |
| All amounts          | 0.125%        | 0.5%       |

**SPECIFIC FEE STRUCTURE FOR:**

**CO - PROVIDER / PACIFIC EQUITY LLC  
FEE STRUCTURE**

| <b>ASSETS UNDER MANAGEMENT</b> | <b>QUARTERLY FEE</b> | <b>ANNUAL FEE</b> |
|--------------------------------|----------------------|-------------------|
| \$0 - \$1,000,000              | 0.25%                | 1.0%              |
| \$1,000,001 - \$3,000,000      | 0.1875%              | 0.75%             |
| AMOUNTS OVER \$3,000,001       | 0.125%               | 0.5%              |

**ADVISOR FEES**

The portion of all Fees earned by Advisor and Co-Provider, respectively, for services rendered pursuant to the Co-provider Investment Advisory Agreement shall be payable in advance on the first business day of each calendar quarter. Fees are considered earned when the quarter in which they were accrued is over. Client will be obligated to pay Fees as listed in Schedule A, of the Co-provider Investment Advisory Agreement which may be modified in writing by Client and Advisor and/or Co-Provider (including, without limitation, a modification pursuant to Section 23 of the Co-provider Investment Advisory Agreement to reflect any changes in the Fees for any Account). Fees with respect to an Account will be based on a percentage of such Account value as determined in accordance with Sections 9 and 11 of the Co-provider Investment Advisory Agreement. For any partial calendar quarter, Fees will be pro-rated (except as set forth in Section 9, of the Co-provider Investment Advisory Agreement based on the number of days remaining in such quarter). Unless otherwise requested, Client authorizes Custodian, at the request of Pacific Equity or the third-party manager, to debit the Account to pay the Fees to Advisor and Co- Provider, respectively, in the amounts calculated by each. Client will maintain or deposit sufficient funds in the Account to cover the Fees and any other amounts due under this Agreement. Advisor and Co-Provider will provide itemized Fee invoices including the formula used to calculate each portfolio's respective fee, the amount of assets under management the fee is based on, and the time period covered by the fee to both the Custodian and the Client, and Client is responsible for verifying the Fee computations.

**Asset Management Fees**

**PACIFIC EQUITY LLC FEE STRUCTURE**

| <b>ASSETS UNDER MANAGEMENT</b> | <b>QUARTERLY FEE</b> | <b>ANNUAL FEE</b> |
|--------------------------------|----------------------|-------------------|
| \$0 - \$1,000,000              | 0.25%                | 1.0%              |
| \$1,000,001 - \$3,000,000      | 0.1875%              | 0.75%             |
| AMOUNTS OVER \$3,000,001       | 0.125%               | 0.5%              |

## **ADVISOR FEES**

Pacific Equity's fees are charged quarterly in arrears. Fees are charged separately and debited from the client's account by Schwab, after instructions are sent by Pacific Equity.

Fees for our asset management services are based on the fair market value of the assets under management as of the last business day of the current quarterly billing period. Fees are payable on the next calendar day following the end of the current quarterly period. Fees shall be pro-rated for additions or withdrawals during each quarterly billing period. Fees can only be changed in writing by agreement of the parties.

Client will maintain or deposit sufficient funds in the Account to cover the Fees and any other amounts due under this Agreement. The custodian will provide itemized Fee invoices including each portfolio's respective fee, the amount of assets under management the fee is based on, and the time period covered by the fee to the Client, and Client is responsible for verifying the Fee computations.

## **OTHER INVESTMENT-RELATED FEES AND EXPENSES**

For Pacific Equity asset management and third-party asset management services, Client is responsible for all fees and expenses (including taxes) incurred by, or arising in connection with, the Account. Client understands that, in addition to the Fees, Accounts will be subject to fees and expenses charged, directly or indirectly, by: mutual funds or other investment funds; the Custodian; Broker-Dealers; and other service providers. All of these fees and expenses constitute separate additional charges to the Account and will not be offset against (or otherwise reduce) the Fees.

All Securities Are Billed on A Quarterly Basis.

## **B. Payment of Fees**

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of third-party advisers are withdrawn directly from the client's accounts by the custodian. Pacific Equity, LLC does not deduct fees. Fees can only be changed in writing by agreement of the parties.

Fees for selection of Synergy Asset Management, LLC as third-party adviser are withdrawn directly from the client's accounts by Synergy Asset Management, LLC and/or its custodian. Pacific Equity, LLC does not deduct fees. Fees can only be changed in writing by agreement of the parties.

### ***Payment of Asset Management Fees***

Fees charged for our asset management services are withdrawn directly from the clients' accounts by the custodian. Pacific Equity, LLC does not deduct fees. Fees can only be changed in writing by agreement of the parties.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Pacific Equity, Synergy Asset Management, LLC and/or its custodian. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

The portion of all Fees earned by Pacific Equity, for services rendered pursuant to the Adviser & Investment Selection & Monitoring Contract, shall be payable in arrears on the first business day following each calendar quarter. Fees are considered earned when the quarter in which they were accrued is over.

The portion of all Fees earned by Advisor and Synergy Asset Management, LLC (Co-Provider), respectively, for services rendered pursuant to the Co-Provider Investment Advisory Agreement, shall be payable in advance on the first business day of each calendar quarter. Fees are considered earned when the quarter in which they were accrued is over.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither Pacific Equity, LLC nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Pacific Equity, LLC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

Pacific Equity, LLC generally provides advisory services to the following types of clients:

- ❖ Individuals

❖ High-Net-Worth Individuals

***Minimum Account Size***

Third-party advisers do impose account minimums in connection with Pacific Equity, LLC's services.

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

**A. Methods of Analysis and Investment Strategies**

***Methods of Analysis & Investment Strategies***

Asset Management: Performance history, Ratings and Risk history, Volatility, Standard deviation, Upside and Downside capture ratio, R-Squared, Beta, Alpha, Draw down performance, Fees and expenses, Value proposition, Tactical or non-tactical management, Active or passive management and Company philosophy.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

**B. Material Risks Involved**

***Methods of Analysis & Investment Strategies***

**Selection of Other Advisers:** Pacific Equity, LLC's selection process cannot ensure that money managers will perform as desired and Pacific Equity, LLC will have no control over the day-to-day operations of any of its selected money managers. Pacific Equity, LLC would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

**C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Stocks:** Investing in stocks carries the risk of capital loss and thus you may lose money investing in stocks.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

Keith Ponthieux was subject of an administrative lien in 02/2013 for the amount of \$9,648.33 payable to CA Franchise Tax Board. The lien remains outstanding.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Pacific Equity, LLC nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Pacific Equity, LLC nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither Pacific Equity, LLC nor its representatives are a municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Pacific Equity, LLC directs clients to third-party investment advisers to manage all or a portion of the client's assets. Pacific Equity, LLC will be compensated via a fee share. This relationship will be memorialized in each contract between Pacific Equity, LLC and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. Pacific Equity, LLC will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. Pacific Equity, LLC will ensure that all recommended advisers are licensed or notice filed in the states in which Pacific Equity, LLC is recommending them to clients.



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

### **A. Code of Ethics**

Pacific Equity, LLC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Pacific Equity, LLC's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

Pacific Equity, LLC does not recommend that clients buy or sell any security in which a related person to Pacific Equity, LLC or Pacific Equity, LLC has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

Representatives of Pacific Equity, LLC do not recommend individual securities to clients nor will its representatives trade in the same securities as clients.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

Please see Item 11C above.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

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

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Pacific Equity utilizes the services of Charles Schwab & Co., Inc. (Schwab). While there is no direct linkage (except in certain circumstances) between the investment advice

given to clients and Pacific Equity's participation in the Schwab program, economic benefits are received by Pacific Equity which would not be received if I did not give investment advice to clients.

Although I don't allow directed brokerage, I may still receive benefits from program sponsors and product issuers. These benefits may be used for both research and non-research purposes and allows me to supplement, at no cost, my own research and analysis activities. These benefits include: a dedicated trade desk that services the program participants exclusively, a dedicated service group and an account services manager dedicated to Pacific Equity's accounts, access to a real-time order matching system, the ability to "block" clients' trades, electronic download of trades, balances and position information, duplicate and batched client statements, confirmations, year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), availability of third-party research and technology, a quarterly newsletter and access to mutual funds.

The benefits received through participation in the Schwab program do not depend upon the amount of transactions directed to or amount of assets managed through Schwab.

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. I do not attempt to allocate the relative costs or benefits of research among clients because I believe that, in the aggregate, the research I receive benefits all clients and assists me in fulfilling my overall duty to you.

These arrangements may be deemed to create a conflict of interest to the extent that I would have to pay for some or all of the research and/or services with "hard dollars" if I were unable to obtain the research and services in exchange for brokerage expenses in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

## ***2. Brokerage for Client Referrals***

Pacific Equity recommends that you establish brokerage accounts with Schwab through their Institutional Platform. Schwab is a member of FINRA/SIPC. Schwab is an independent (and unaffiliated) SEC-registered broker-dealer and is recommended by Pacific Equity to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, I will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost

competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

Pacific Equity is independently owned and operated and not affiliated with Schwab .

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by Pacific Equity must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

Schwab provides me with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

Schwab also makes available to me other products and services that benefit my firm but may not benefit clients' accounts. Some of these other products and services assist me in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Pacific Equity is also providing other services intended to help my firm manage and further develop my business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Other benefits we receive include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

Specifically, Pacific Equity participates in the Schwab Institutional program. Schwab offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits

from Schwab through its participation in the program. *(Please see the disclosure under Item 14 below.)*

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Clients should understand that not all investment advisers require the use of a particular broker/dealer or custodian. Some investment advisers allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Pacific Equity may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, Pacific Equity has decided to require my clients to use broker/dealers and other qualified custodians determined by Pacific Equity.

### ***4. Handling Trade Errors***

Pacific Equity has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Pacific Equity to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by Pacific Equity if the error is caused by Pacific Equity. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Pacific Equity may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Pacific Equity will never benefit or profit from trade errors.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

Pacific Equity can engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is my

trading policy is to implement all client orders on an individual basis or a block trade basis at the firm's discretion.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for Pacific Equity, LLC's advisory services provided on an ongoing basis are reviewed at least quarterly by Keith Ponthieux, Managing Member, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Pacific Equity, LLC are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of Pacific Equity, LLC's advisory services will be provided on an ongoing basis a monthly statement from the custodian detailing account values, assets held and any advisory fee withdrawn.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Pacific Equity, LLC has an arrangement to utilize Synergy Asset Management, LLC for third-party asset management services.

The fees charged by Pacific Equity, Schwab and Synergy Asset Management, LLC are disclosed in Item 5 above.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

Pacific Equity, LLC does not directly or indirectly compensate any person or receive any compensation from any person who is not advisory personnel for client referrals.

## Item 15: Custody

Pacific Equity, LLC does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

## Item 16: Investment Discretion

When providing asset management services, Pacific Equity maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, I will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of Pacific Equity to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

If you decide to grant trading authorization on a **non-discretionary** basis, I will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, I will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if I am not able to reach you or you are slow to respond to my request, it can have an adverse impact on the timing of trade implementations and I may not achieve the optimal trading price.

Client will grant Pacific Equity discretionary authority (without first consulting with Client) to establish and/or terminate a relationship with third-party advisers for purposes of managing the Account or a portion of the Account determined by Pacific Equity.

You will grant the third-party adviser selected by Pacific Equity with the discretionary authority (without first consulting with client) to make all decisions to buy, sell or hold securities, cash or other investments for the account managed by the third-party adviser. You also grant the third-party adviser with the power and authority to carry out these decisions by giving instructions, on your behalf, to the broker dealers and/or the qualified custodian of your account.

## **Item 17: Voting Client Securities (Proxy Voting)**

Pacific Equity, LLC will not ask for, nor accept voting authority for client securities. Clients have the option to receive proxies directly from the issuer of the security or the custodian or clients can request the proxies be sent to the third-party manager or fund manager to be voted. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Pacific Equity, LLC does not solicit prepayment of fees per client and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Pacific Equity, LLC nor its management has any financial condition that is likely to reasonably impair Pacific Equity, LLC's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Pacific Equity, LLC has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

Pacific Equity, LLC currently has only one management person: Keith James Ponthieux. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

Pacific Equity, LLC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

Keith Ponthieux was subject of an administrative lien in 02/2013 for the amount of \$9,648.33 payable to CA Franchise Tax Board. The lien remains outstanding.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither Pacific Equity, LLC, nor its management persons, has any relationship or arrangement with issuers of securities. See Item 10.C and 11.B.