

Farther Finance Advisors, LLC

**Farther**

**ADV Part 2A, Appendix 1  
Wrap Fee Program Brochure**

**October 6, 2023**

[www.farther.com](http://www.farther.com)

415-827-7371

**This Brochure provides information about the qualifications and business practices of Farther Finance Advisors, LLC (the “Farther”). If you have any questions about the contents of this Brochure, please contact Christopher C. Powers at (415) 827-7371 or [chris@farther.com](mailto:chris@farther.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Farther Finance Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

**References herein to Farther Finance Advisors, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2           Material Changes

This Brochure has been amended to reflect the relationship between Farther and Farther Insurance Group, LLC, an affiliated licensed insurance agency. There have been no further material changes to this Brochure since our last Annual Amendment filing, made on March 29, 2022.

Farther's Chief Compliance Officer, Christopher Powers, remains available to address any questions that an existing or prospective client may have regarding this Brochure.

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## **Item 4 Services, Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

Farther typically offers advisory services through a website and mobile application portal (“Platform”) designed to help clients accomplish both near-term and long-term personal finance goals, where both preservation of capital and capital growth are important considerations. Through this Platform, Farther offers an in person and online discretionary investment management service, on a wrap fee basis, designed expressly for investors who want investment advice for a reasonable price and without a significant time commitment.

Specifically, Farther offers clients investment advice based on personalized information that each client provides via the firm’s Platform. Farther’s investment strategy is based on Modern Portfolio Theory which strives to maximize return relative to risk.

Depending upon the circumstance, Farther will craft bespoke portfolio allocations or use a proprietary algorithm to implement model portfolios designed by investment experts with target asset allocations of equity and fixed-income securities based on the client’s financial situation, risk tolerance, and time horizon (“Objective”).

Clients who do not wish to use the Platform may also meet directly with several of the firm’s representatives for advisory services.

When a client deposits money, Farther allocates that money to portfolios based on the client’s goals, which may include saving for emergencies, retirement, large purchases, or general long-term savings. In doing so, Farther constructs a combination of securities purchases to align the client’s account with the corresponding target asset allocation. Upon a client’s request to withdraw money, a combination of securities sales is initiated while continuing to pursue the corresponding target asset allocation.

Clients may manually select one of the target asset allocations other than the one recommended or currently in effect. As clients deposit or withdraw money the corresponding transactions will rebalance to pursue the modified target asset allocation. If the holdings of the account significantly deviate from the newly selected target asset allocation, then Farther will initiate a rebalancing to bring the holdings within an acceptable range of the target asset allocation.

In the model portfolios, Farther’s algorithm is designed to keep the holdings within each client’s portfolio within a specified range of the target asset allocation, even when the market prices fluctuate. Client holdings are rebalanced and dividends are reinvested automatically. In general, Farther may consider rebalancing whenever the percentage holding of one or more positions fluctuates 5% above or below its target allocation.

The rebalancing process is automated and not limited to number or frequency of rebalances. As a result, there is a possibility that Farther may sell overrepresented positions and use the proceeds to buy underrepresented positions to bring portfolios towards its target allocation without taking into account individual tax consequences or market circumstances.



## FARTHER ADVISORS WRAP PROGRAM

Farther sponsors the Farther Advisors Wrap Program (the “Program”) through which it offers all of its discretionary investment management services. The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Wrap Program participants.

Under the Program, Farther is able to offer participants discretionary investment advisor services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees.

The current annual Program fee generally ranges from negotiable up to 1.50%, depending upon the complexity of the account, the amount of the client assets in the Program and the independent/separately managed accounts utilized by the client’s investment portfolio.

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both the Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. When managing a client’s account on a wrap fee basis, Farther shall receive as payment for its asset management services, the balance of the wrap fee after all other non-excluded costs incorporated into the wrap fee have been deducted. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Farther for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

**Wrap Program-Conflict of Interest.** Under Farther’s wrap program, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. When managing a client’s account on a wrap fee basis, Farther shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

Because wrap program transaction fees and/or commissions are being paid by Farther to the account custodian/broker-dealer, Farther has an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account.

Under the Program, Farther shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this authority shall be included in the written agreement between each client and Farther. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of Farther’s investment professionals to discuss their account. Charles Schwab Corporation (“Schwab”), Apex Clearing Corporation, (“Apex”), Fidelity Investments (“Fidelity”) and/or Pershing, LLC (“Pershing”) generally serve as the



custodian for Program accounts. Farther may engage other custodians in certain circumstances.

**Fee Payment:** Clients will be charged in advance at the beginning of each calendar month based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Alternatively, Farther may, at its sole discretion, elect to offer its services on a hourly rate basis, ranging from negotiable up to \$1,000 per hour, or on a flat annual fee basis.

Clients authorize Farther to directly debit its advisory fee by executing an Investment Management Agreement. Farther shall send to the client's Custodian written notice of the amount of Farther's advisory fee to be deducted, on a monthly basis, from the client's account.

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

**Investment Performance:** As a condition to participating in the Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by Farther) may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

**Client Responsibilities:** In performing any of its services, Farther shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Furthermore, unless the client indicates to the contrary, Farther shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client's designated investment objective. Moreover, it remains each client's responsibility to promptly notify Farther if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Farther's previous recommendations and/or services.

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by Farther for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by Farther, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, transaction charges (including mark-ups and mark-downs) resulting from trades executed away from the account's custodian, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency



processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee. Clients who maintain a retirement account with their custodian are generally charged an annual maintenance fee.

- D. Farther's related persons who recommend the Program to clients do not receive additional compensation as a result of a client's participation in the wrap fee program.

## **Item 5 Account Requirements and Types of Clients**

Farther's clients shall generally include individuals, trusts and estates.

Farther, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

## **Item 6 Portfolio Manager Selection and Evaluation**

- A. Farther, as an investment advisor, selects ETFs or securities in accordance with the description of services provided in this brochure. As such, Farther does not select portfolio managers.
- B. Farther acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by Farther, a conflict of interest arises in that Farther may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by Farther as a result of the client's participation in the Program may be more than what Farther would receive if the client paid separately for investment advice, brokerage and other services.

### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, Farther may provide financial planning and related consulting services. Neither Farther nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. Farther does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with Farther, if desired.

Furthermore, although Farther may provide recommendations regarding non-investment related matters, such as estate planning, tax planning and insurance, Farther does not serve as a law firm or accounting firm and no portion of Farther's services should be construed as legal or accounting services. Accordingly, Farther does not prepare estate planning documents or tax returns.

To the extent requested by a client, Farther may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys,



accountants, insurance agents, etc.), including representatives of Farther in their separate individual capacities as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Farther and/or its representatives.

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

**Cash Positions.** Farther continues to treat cash as an asset class. As such, unless determined to the contrary by Farther, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Farther's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Farther may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Farther's advisory fee could exceed the interest paid by the client's money market fund.

When the account is holding cash positions, those cash positions will be subject to the same fee schedule as set forth below.

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, Farther generally purchases a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless Farther reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

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



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

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

As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Farther shall calculate its fee based upon the latest value provided by the fund sponsor.

**Cryptocurrency.** For clients who want exposure to cryptocurrencies, including Bitcoin, Farther, will advise the client to consider a potential investment in corresponding exchange traded securities or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services, but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, Farther will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. Farther does not recommend or advocate the purchase of, or investment in, cryptocurrencies. Farther considers such an investment to be speculative. Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility and complete loss of principal.

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Farther recommends that a client roll over their





retirement plan assets into an account to be managed by Farther, such a recommendation creates a conflict of interest if Farther will earn new (or increase its current) compensation as a result of the rollover. If Farther provides a recommendation as to whether a client should engage in a rollover or not, Farther is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Farther.

**Account Aggregation Reporting Services.** Farther uses account aggregation software, which can incorporate client investment assets that are not part of the assets that Farther manages (the “Excluded Assets”). Unless agreed to otherwise, in writing, the client and/or their other advisors that maintain trading authority, and not Farther, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless also agreed to otherwise, in writing, Farther does not provide investment management, monitoring or implementation services for the Excluded Assets. The client can engage Farther to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between Farther and the client.

**Independent Managers.** Farther may allocate a portion of the client’s investment assets among unaffiliated independent investment managers in accordance with the client’s designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Farther shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that Farther shall consider in recommending Independent Manager[s] include the client’s designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager[s] is separate from, and in addition to, Farther’s investment advisory fee disclosed above.

**Use of Exchange Traded Funds:** Farther may recommend that clients allocate investment assets to publicly available ETFs that the client could obtain without engaging Farther as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available ETFs without engaging Farther as an investment adviser, the client or prospective client would not receive the benefit of Farther’s initial and ongoing investment advisory services.

**Portfolio Activity.** Farther has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, Farther will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when Farther determines that changes to a client’s portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Client Obligations.** In performing its services, Farther shall not be required to verify any information received from the client or from the client’s other professionals, and is



expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Farther if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Farther's previous recommendations and/or services.

**Cybersecurity Risk.** The information technology systems and networks that Farther and its third-party service providers use to provide services to Farther's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Farther's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Farther are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Farther has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Farther does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions

**Disclosure Statement.** A copy of Farther's written Brochure as set forth on Part 2 of Form ADV and Client Relationship Summary as set forth in Form CRS shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

Farther shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). Farther shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on Farther's services.

Farther only provides its investment management services on a wrap fee basis. If a client determines to engage Farther, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.A). The services included in a wrap fee agreement will depend upon each client's particular need.

When managing a client's account on a wrap fee basis, Farther shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

### **Performance Based Fees and Side-By-Side Management**

Neither Farther nor any supervised person of Farther accepts performance-based fees.



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

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

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

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

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

Investors generally face the following types 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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- 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.
- 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.
- 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.

- B. Farther's method of analysis and investment strategy does not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Farther must have access to current/new market information. Farther has no control over the dissemination rate of market information; therefore, unbeknownst to Farther, certain analyses may be compiled with outdated market information, severely limiting the value of Farther's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Farther does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). Farther does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Farther:



- by taking the loan rather than liquidating assets in the client's account, Farther continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by Farther, Farther will receive an advisory fee on the invested amount; and,
- if Farther's advisory fee is based upon the higher margined account value, Farther will earn a correspondingly higher advisory fee. This could provide Farther with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

### **Options Strategies.**

In limited situations, generally upon client direction and/or, Farther may engage in options transactions (or engage an independent investment manager to do so) for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of "hedging" a potential market risk in a client's portfolio and/or generating income for a client's portfolio.

Certain options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Farther, in writing, not to employ any or all such strategies for his/her/their/its accounts.

### **Covered Call Writing.**

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

Currently, Farther primarily allocates client investment assets among various exchange traded funds, mutual funds, individual equities and fixed income securities on a discretionary basis in accordance with the client's designated investment objective(s).

Farther may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation models described below.



Farther's asset allocation model administration has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Farther's management of client assets asset allocation models:

1. Initial Interview – at the opening of the account, Farther, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly Farther shall notify the client to advise Farther whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, Farther shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – Farther shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Farther not to purchase certain securities;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Farther believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Farther's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Farther's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

Farther's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

### **Voting Client Securities**

Farther does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned



by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Farther to discuss any questions they may have with a particular solicitation.

## **Item 7            Client Information Provided to Portfolio Managers**

Farther shall be the Program's portfolio manager. Farther shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). Farther shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on Farther's services.

As indicated above, each client is advised that it remains their responsibility to promptly notify Farther if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Farther's previous recommendations and/or services.

## **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9            Additional Information**

- A. Farther has not been the subject of any disciplinary actions.

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

Affiliated Investment Adviser Firm. Farther is under common ownership with Farther Asset Management, LLC ("FAM"), an affiliated, SEC Registered investment advisor firm (SEC# 801-128146). FAM generally provides discretionary investment management services to institutional clients. Farther has been engaged by FAM to provide sub-advisory services in connection with FAM's discretionary investment management of client assets. FAM clients do not pay an additional fee as a result of this sub-advisory relationship.

Affiliated Licensed Insurance Agency/Agents. Farther Insurance Group, LLC is an affiliated licensed insurance agency. Furthermore, certain of Farther's representatives, in their individual capacities, are licensed insurance agents. Farther and/or its representatives may recommend the purchase of certain insurance-related products on a commission basis.





As referenced in Item 4.B above, clients can engage certain of Farther's representatives to purchase insurance products on a commission basis.

The recommendation by representatives of Farther that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from representatives of Farther or through Farther Insurance Group, LLC in its capacity as a licensed insurance agency. Clients are reminded that they may purchase insurance products recommended by Farther through other, non-affiliated insurance agencies and/or agents

Farther may recommend, for compensation the third-party plan administrator services of NestEggs, an independent third-party plan administrator. NestEggs may also, from time-to-time, refer plan sponsors to Farther for Retirement Plan Services. In addition to the compensation received from NestEggs for referrals, Farther has an incentive to recommend NestEggs based upon the client introductions may to Farther by NestEggs. No client or perspective client is obligated to engage the services of NestEggs. Furthermore, Farther shall not receive any referral compensation from NestEggs in connection with any plan for which Farther services as an ERISA fiduciary.

#### **B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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

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

Neither Farther nor any related person of Farther recommends, buys, or sells for client accounts, securities in which Farther or any related person of Farther has a material financial interest.

Farther and/or representatives of Farther *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Farther and/or representatives of Farther are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Farther did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Farther's clients) and other potentially abusive practices.

Farther has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Farther's "Access Persons."





Farther's securities transaction policy requires that Access Person of Farther must provide the Chief Compliance Officer or his/her designee with online access to their holdings and securities transactions for monitoring and verification purposes.

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

### **Review of Accounts**

For those clients to whom Farther provides investment supervisory services, account reviews are conducted on a periodic basis by Farther's representatives, at least annually. All investment supervisory clients are advised that it remains their responsibility to advise Farther of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Farther on an annual basis.

Farther may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Farther may also provide a written periodic report summarizing account activity and performance.

### **Client Referrals and Other Compensation**

Farther receives economic benefits from custodians including Apex, Schwab, Fidelity or Pershing. Farther, without cost (and/or at a discount), receives support services and/or products from Apex, Schwab, Fidelity and Pershing. For more information regarding economic benefits and support services received and the related conflicts of interest, please see Item 12 of Farther's ADV Part 2A.

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

Farther's Chief Compliance Officer, Christopher Powers, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.



Farther engages independent promoters to provide client referrals. If a client is referred to Farther by a promoter, this practice is disclosed to the client in writing by the promoter and Farther pays the promoter out of its own funds—specifically, Farther generally pays the promoter a portion of the advisory fees earned for managing the capital of the client or investor that was referred. The use of promoters is strictly regulated under applicable federal and state law. Farther’s policy is to fully comply with the requirements of Rule 206(4)-1, under the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.

Farther may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated with Farther and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise Farther and has no responsibility for Farther’s management of client portfolios or Farther’s other advice or services. Farther pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to Farther (“Solicitation Fee”). Farther will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

### **Financial Information**

Farther does not solicit fees of more than \$1,200, per client, six months or more in advance.

Farther is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

Farther has not been the subject of a bankruptcy petition.

Farther’s Chief Compliance Officer, Christopher Powers, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.

