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## 1. Cover Page

# Pearl Planning

# ADV Part 2A, Firm Brochure
# Dated: July 17, 2025

CRD Number: 336568

This brochure provides information about the qualifications and business practices of Pearl Planning. If you have any questions about the contents of this brochure, please contact us at (810) 732-7411. 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 Pearl Planning also is available on the SEC's website at www.adviserinfo.sec.gov.

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

**Contact:**
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## 2. Material Changes

This is Pearl Planning's initial SEC registration filed on May 1, 2025, as such the Firm has no material changes to report.

## 3. Table of Contents

## 4. Advisory Business

**A.** Pearl Planning, LLC d/b/a Pearl Planning (the "Registrant") is a limited liability company formed in the state of Michigan on August 24, 2018. The Registrant filed its initial registration with the U.S. Securities and Exchange Commission in May 2025. The Registrant is principally owned by Melissa Joy. Ms. Joy is also the Registrant's President.

**B.** **INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary and non-discretionary investment advisory services on a fee basis. Registrant's annual investment advisory fee may include investment advisory services, and, to the extent specifically requested by the client, financial planning, and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client. Before engaging Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

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

**Selection of Other Advisors** As part of our overall investment management strategy, we may recommend Sub-Advisors to manage all or a portion of your account where the allocation meets the needs and investment objectives of clients. The Registrant may use several managed programs available through Raymond James & Associates ("RJA"), Inc, member New York Stock Exchange/SIPC or through Charles Schwab.

The Sub-Advisor provides discretionary investment management of the client's portfolio through the relevant platform, making the investment decisions and placing the trades in the client's account. The Registrant then monitors the client's account to ensure that the Program selected and the Manager selected continue to be consistent with the client's investment objective.

Assets in these accounts will be invested and reinvested as the Sub-Advisor deem in the client's best interest to achieve investment objectives identified by the Registrant, without regard to holding period, portfolio turnover or resulting gain or loss. If a participating client informs the Registrant of a change in the client's financial situation or investment objectives, the Registrant assesses the continued appropriateness of the previously selected investment discipline(s) and makes changes as the Registrant deems appropriate. Similarly, if a Sub-Advisor changes its opinion of a Manager or investment discipline, the Sub-Advisor will ask the Registrant to select a new Manager or investment discipline for a participating client.

**FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into an agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

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

**RETIREMENT PLAN SERVICES**

The Registrant also provides retirement plan consulting services, pursuant to which it assists sponsors of self-directed and pooled retirement plans organized under the Employee Retirement Security Act of 1974 ("ERISA"). The terms and conditions of the engagement shall be set forth in the agreement between the Registrant and the plan sponsor.

If the plan sponsor engages the Registrant in either an ERISA Section 3(21) or Section 3(38) capacity, the Registrant will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

**MISCELLANEOUS**

**Client Retirement Plan Assets.** If requested to do so, Registrant can provide investment advisory services relative to employer retirement accounts (e.g. 401(k), 403(b), 457, etc.) plan assets maintained by the client in conjunction with the retirement plan established by the client's employer. In such event, Registrant shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the relevant platform. Registrant's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. Registrant will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Registrant of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. Unless expressly indicated by the Registrant to the contrary, in writing, the client's retirement plan assets shall be included as assets under management for purposes of Registrant calculating its advisory fee.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services inclusive of its advisory fee as set forth at Item 5 below (exceptions may occur based upon assets under management, special projects, etc., for which the Registrant may charge a separate fee). However, neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. The Registrant does not monitor a client's financial plan, unless specifically engaged to do so, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired.

Furthermore, although the Registrant may provide recommendations regarding non-investment related matters, such as estate planning, tax planning and insurance, the Registrant does not serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, the Registrant **does not** prepare estate planning documents or tax returns.

To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.), including certain of the Registrant's representatives in their individual capacities as licensed insurance agents (See disclosure at Item 10.C below). 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 Registrant and/or its representatives. The recommendation that a client purchase an insurance commission product from a Registrant's representative in his/her individual capacity as an insurance agent, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment and/or insurance products based on commissions to be received, rather than on a particular client's need. <u>The fees charged and compensation derived from the sale of such insurance products is separate from, and in addition to, Registrant's investment advisory fee.</u>

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

**<u>Retirement Plan Rollovers–Conflict of Interest:</u>** 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 the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant, whether it is from an employer's plan or an existing IRA.**

**<u>Independent Managers:</u>** Registrant may recommend that the client allocate a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant will 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. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Registrant's ongoing investment advisory fee**, subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s). Registrant's advisory fee is set forth in the fee schedule at Item 5 below.

**<u>Non-Discretionary Service Limitations.</u>** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot affect any account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

**<u>Variable Annuity Management:</u>** The Registrant allocates client investment assets on a discretionary or non-discretionary basis among the investment sub accounts of variable annuity products previously purchased by the client. The Registrant manages the variable annuity consistent with the client's investment objective. Of course, there can be no assurance or guarantee that the Registrant's market decisions will be correct or profitable. The Registrant includes the variable product assets as part of "assets under management" for the purposes of calculating its annual advisory fee. We do not receive any commissions from our client's purchases of variable annuities, our fees are limited to our management fee as described in Item 5.

**<u>Private Investment Funds.</u>** Registrant may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services.

Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s). If Registrant bills an investment advisory fee based upon the value of private investment funds or otherwise references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**Custodian Charges-Additional Fees.** As discussed below at Items 5 and 12, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Raymond James, Charles Schwab and Co., Inc. ("Schwab"), or Fidelity Brokerage Services LLC ("Fidelity")to serve as the broker-dealer/custodian for client investment management assets. The specific broker-dealer/custodian recommended could depend upon the scope and nature of the services required by the client. Broker-dealers such as Raymond James, Schwab, and Fidelity charge brokerage commissions, transaction, and/or other types of fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. Raymond James does not currently charge commissions on transaction equity or ETF utilized by Registrant. Any broker/dealer/custodian fees/charges are in addition to Registrant's investment advisory fee at Item 5 below. Registrant does not receive any portion of these fees/charges.

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

**Cash Positions:** Registrant, in certain instances (such as where client is in a dollar cost averaging program), may consider cash as an asset class. As such, unless determined to the contrary by Registrant, certain cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant'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), Registrant 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, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

**Use of Third-Party Estate Planning Service.** Registrant has entered into an arrangement with an unaffiliated third party, Wealth.com, to provide clients with access to various estate planning tools and documentation. Wealth.com provides a holistic estate planning solution that allows users to create, manage and monitor estate plans through a proprietary technology platform administered solely by Wealth.com. Wealth.com facilitates an optional hybrid model where clients can leverage its online capabilities and also [for an additional fee] consult with third party estate planning attorneys made available through the Wealth.com platform. Registrant may refer clients to the Wealth.com platform, but will have no involvement with drafting legal documents or making any legal/estate planning decisions. Registrant does not receive any compensation in relation to its Wealth.com arrangement and or referrals to Wealth.com. Registrant does not provide legal advice and is not responsible for the content of the material provided to the client by Wealth.com.

<u>**Use of Pontera Platform**</u>: Pearl Planning uses the Pontera platform made available by Pontera Solutions, Inc. ("Pontera"), a third party online platform, to assist with management of clients' "held away" accounts, including 401(k)s, 403(b)s, annuities, and 529 education savings plans, and as an order management system for such accounts where Pearl Planning implements tax-efficient asset location and opportunistic rebalancing strategies on behalf of the client. The specific fee schedule charged by Pearl Planning for account management of held away assets is established in the client's written agreement with Pearl Planning. To facilitate use of the Pontera platform, the client securely logs into the Pontera site and entitles Pearl Planning to manage the assets. Pontera charges Pearl Planning 25 bps for each managed account. Clients do not pay any additional fee to Pontera or to Pearl Planning in connection with platform participation. Pearl Planning is not affiliated with the Pontera platform in any way and receives no compensation from them for using their platform.

Investment management fees are generally directly debited on a pro rata basis from client accounts. The exception for this is directly-managed held-away accounts, such as 401(k)s. As it is impossible to directly debit the fees from these accounts, those fees will be assigned to the client's taxable accounts on a pro-rata basis. If the client does not have a taxable account, those fees will be billed directly to the client.

<u>**Federally Insured Cash Account ("FICA") program:**</u> Registrant also participates in the Federally Insured Cash Account ("FICA") program made available through an unaffiliated program provider, StoneCastle Network, LLC (as program administrator) and Stone Castle Cash management, LLC, an unaffiliated SEC-registered investment adviser (collectively "StoneCastle"). The FICA program is made available to certain clients with cash positions earmarked for a specific non-investment purpose or maintained separately as an emergency fund where the client is seeking a higher yield cash or money market account. FICA accounts are custodied at unaffiliated third-party banking institutions. The FICA Program allows customers the ability to protect their money by placing it in deposit accounts at banks, savings institutions and credit unions (collectively, "Insured Depositories") in a manner that maintains full insurance of the funds by the Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Administration ("NCUA"), whichever is applicable. Funds will be deposited within StoneCastle's network of Insured Depositories ("Deposit Network"). StoneCastle requires no minimum deposit to open a FICA Program account. The Registrant may earn an administrative fee from StoneCastle if clients participate in this program. Registrant will assist clients in signing up for this program and facilitating the transfer of funds between the client's like-named accounts. Registrant will typically make this program available to clients who wish to segregate a portion of their cash holdings designate for long-term [non-investment] savings. This allows the client to distinguish between its investment portfolio and separate cash reserves more clearly. The administrative fee charged for this service is separate from any fees assessed on the investment portfolio and shall be billed at a flat rate of 0.10% per annum (deducted from the cash account).

In the FICA program, the interest rate earned by each client may vary within a particular FICA Program based on the size of the account balance and the introducing party. The percentage of the gross interest that StoneCastle retains as its fee will also vary between participating bank institutions and over time. However, the FICA fees charged by StoneCastle will never exceed the gross interest earned from each participating bank institution. The FICA fees are deducted from each participating banking institution's omnibus account at the same time interest is paid to client accounts. More information on this program is available from the Registrant or directly from StoneCastle.

<u>**ANY QUESTIONS**</u>: Registrant' Chief Compliance Officer, Melissa Joy, remains available to address any questions that a client or prospective client may have regarding the above.

<u>**Client Obligations**</u>. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if

there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

Please Note: Past performance is no guarantee of future results. Different types of investments involve varying degrees of risk. Therefore, there can be no assurance that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by will be profitable, equal any historical performance level(s), or prove successful. Please Also Note: If the issuer of the Structured Note defaults, the entire value of the investment could be lost. ANY QUESTIONS: Registrant's Chief Compliance Officer remains available to address them.

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

**C.** The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.

**D.** The Registrant does not participate in a wrap fee program.

**E.** As of May 1, 2025, the Registrant had $0 in assets under management.

## 5. Fees and Compensation

**A.** **INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary and non-discretionary investment advisory services on a negotiable fee only basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under the Registrant's management, generally ranging between 0.40% and 1.30%, as follows:

| **Amounts less than $500,000** | |
|---|---|
| First $500,000 | 1.30% |
| **Amounts greater than $500,000** | |
| First $1,000,000 | 1.0% |
| Next $4,000,000 | 0.85% |
| Next $5,000,000 | 0.70% |
| Next $10,000,000 | 0.50% |
| Amounts over $20,000,000 | 0.40% |

The Registrant, in its sole discretion, may charge a lesser investment management fee and/or a fixed 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.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from $500 to $15,000 on a fixed fee basis, and $325 on an hourly rate basis. A lower fee may be charged depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### RETIREMENT PLAN SERVICES

The Registrant provides retirement plan consulting services, in the capacity of either a 3(21) or 3(38) advisor, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. The Registrant's annual fee for these services shall generally range from negotiable up to 1.3% of the total assets maintained within the plan. Retirement Plan advisory billing is in arrears conducted monthly or quarterly basis by the plan recordkeeper, with a portion of the fee remitted to the Registrant.

### SELECTION OF OTHER ADVISORS

If a client portfolio includes a Sub-Advisor, then any Sub-Advisor fees will be charged directly to the client. The Sub-Adviser fee will range from 0.2-0.5% as specified in each client's investment advisory agreement. These fees are separate and in addition to the annual fees charged by Registrant.

#### StoneCastle FICA Cash Management Program

Clients who participate in the Federally Insured Cash Account, FICA ("FICA"), which is StoneCastle Cash Management, LLC's proprietary cash management vehicle will pay a fee, based upon assets under administration, to StoneCastle Cash Management, LLC. Clients will also pay an annual administrative fee of 0.10% to the Registrant for administrative services based upon assets under administration in the program.

**B.** Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that advisory fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.

Registrant shall treat intra-quarter account additions and withdrawals equally. Specifically, Registrant does not generally adjust the quarterly fee for asset additions/withdrawals during the quarter unless the client adds or withdraws from the account more than $100,000 on a net basis on any single market day. In such event, Registrant shall charge a pro-rated fee or issue a pro-rated reimbursement based upon the number of days remaining in the billing quarter.

**C.** As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that Raymond James & Associates ("Raymond James"),Charles Schwab and Co., Inc. ("Schwab"), or Fidelity Brokerage Services LLC ("Fidelity") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Raymond James, Schwab or Fidelity may charge transaction fees for effecting certain securities transactions. Registrant does not provide discretionary investment advisory services if the account(s) is held at a different broker-dealer/custodian.

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

**E.** Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous month. Financial Planning and consulting fees will be invoiced to the client as agreed upon in each client's agreement.

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

**F.** Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

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

## 7. Types of Clients

The Registrant's clients shall generally include individuals, qualified plans, business entities, trusts, and estates.

We do not require a minimum asset level or impose a minimum fee for our services.

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

**A.** The Registrant may utilize the following methods of security analysis:

- **Fundamental**— (analysis performed on historical and present data, with the goal of making financial forecasts)
- **Qualitative Analysis**—(subjective evaluation of non-quantifiable factors and attempt to potentially predict changes to share price based on that data)

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

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

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

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

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

**Market Risk:** Asset prices may drop in reaction to certain unforeseen events. Also referred to as exogenous risk, this type of risk is caused by external factors independent of a security's particular underlying fundamentals or intrinsic value. For example, geo-political, economic, legislative, and/or societal events may amplify market risk.

**Inflation Risk:** When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. Some industries and/or companies may have historically demonstrated more stability than others. Economic factors and business functions are constantly changing. Past results are no guarantee of future performance.

**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.

**Financial Risk:** Also referred to as leverage risk. Excessive borrowing to finance a business' operations may lead to financial strain and the ability to generate profits or meet certain obligations. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Counterparty Risk:** The risk that each party may not be able to meet its contractual obligations. This may also be referred to as default risk for fixed income investments. In rare circumstances, the underlying securities within registered investment products may become illiquid which may restrict the ability of investors to redeem shares at quoted prices.

**Execution Risk:** The risk that buy/sell transactions may not be executed at favorable prices. This may occur during periods of abnormal market conditions.

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

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

**Risks Associated With Structured Notes:**

A Structured Note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities).

Structured notes do not pay interest, dividend payments, provide voting rights or guarantee any return of principal at maturity unless specifically provided through products that are designed with this purpose in mind. Most Structured Note payments are based on the performance of an underlying index (i.e., S&P 500) and if the underlying index were to decline 100% then the payment may result in a loss of a portion or all of a client's principal. Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by Registrant on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due.

Structured Notes will generally be subject to liquidity constraints, such that the sale thereof before maturity can be limited. Structured Notes will not be listed on any securities exchange. There may be no secondary market for such Structured Notes. The price, if any, at which an issuer will be willing to purchase Structured Notes from clients in a secondary market transaction, if at all, will likely be lower than the original issue price and any sale before the maturity date could result in a substantial loss. Structured Notes are not designed to be short-term trading instruments so clients should be willing to hold any notes to maturity.

The issuer can generally choose to redeem Structured Notes before maturity. In addition, the maximum potential payment on Structured Notes will typically be limited to the redemption amount applicable for a payment date, regardless of the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the Structured Notes held by clients could be higher than on the valuation dates and at maturity, clients may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index.

Structured Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by Registrant on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due.

**C.** We recommend various types of securities, and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**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. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors

**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.

**Stocks.** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and the overall health of the economy. In general, larger, better-established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Fixed income investments**. Generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Private Investment Fund Risk Factors.** 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 they are qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Exchange Traded Notes.** ETNs are unsecured debt obligation of the issuer, that trade on exchanges and seek a return linked to a market index or other benchmark. Unlike ETFs, ETNs do not buy or hold assets to replicate or approximate the performance of the underlying index. The return on an ETN generally depends on price changes if the ETN is sold before maturing (as with stocks or ETFs)— or on the payment, if any, of a distribution if the ETN is held to maturity (as with some other structured products). An ETN's indicative value is computed by the issuer and is distinct from an ETN's market price, which is the price at which an ETN trades in the secondary market. An ETN's market price can deviate, sometimes significantly, from its indicative value.

**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, Registrant does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). Registrant 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 Registrant:

- by taking the loan rather than liquidating assets in the client's account, Registrant 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 Registrant, Registrant will receive an advisory fee on the invested amount; and,
- if Registrant's advisory fee is based upon the higher margined account value (*see* margin disclosure at Item 5 below), Registrant will earn a correspondingly higher advisory fee. This could provide Registrant with a disincentive to encourage the client to discontinue the use of margin.

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

**Socially Responsible (ESG) Investing Limitations**. Socially Responsible Investing involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not, and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Registrant), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful. Registrant generally relies on the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate

**Cryptocurrency ETFs:** From time to time, clients may obtain indirect exposure to cryptocurrencies through ETFs. The value of these products is often intended to reflect the value of one or more cryptocurrencies, and the risks of investing in these products are similar to the risks of investing in cryptocurrencies generally, as well as the risks specific to investing in the applicable investment product (ETFs). Cryptocurrency is susceptible to extreme volatility of trading prices that many digital assets have experienced in recent periods and may continue to experience. The value of cryptocurrency is not backed by any government, corporation, or other identified body. Value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and/or the value that various market participants place on it through their mutual agreement, barter, or transactions. The unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges may adversely affect the value of the digital asset. Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of cryptocurrency or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Exchange Market.

**Structured Notes.** Registrant may purchase Structured Notes for client accounts. A Structured Note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. Structured Notes will generally be subject to liquidity constraints, such that the sale thereof before maturity will be limited, and any sale before the maturity date could result in a substantial loss. There can be no assurance that the Structured Notes investment will be profitable, equal any historical performance level(s), or prove successful. Please Note: If the issuer of the Structured Note defaults, the entire value of the investment could be lost. See additional Risk Disclosure at Item 8 below. In the event that the client seeks to prohibit or limit the purchase of structured notes for the client's account, the client can do so, in writing, addressed to Registrant' Chief Compliance Officer. In the event that a client has any questions regarding the purchase of Structured Notes for their account or would like to place restrictions on the purchase of Structured Notes for their accounts, Registrant's Chief Compliance Officer remains available to address them. See Risks Associated with Structured Notes at Item 8 below.

## 9. Disciplinary Information

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

## 10. Other Financial Industry Activities and Affiliations

**A.** Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker- dealer or a registered representative of a broker-dealer.

**B.** Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

**C.** **Licensed Insurance Agents.** Certain of the Registrant's representatives, in their individual capacities, are licensed insurance agents. These individuals 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 Registrant's representatives to purchase insurance products on a commission basis.

**Conflict of Interest:** The recommendation by representatives of the Registrant that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance 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 the Registrant. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated representatives of a broker-dealer or insurance agents.

**D.** The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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

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

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

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

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

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

## 12. Brokerage Practices

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

Factors that Registrant considers in recommending a broker-dealer/custodian to clients include historical relationship with Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. **Research and Additional Benefits**

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

2. Registrant does not receive referrals from broker-dealers.

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

   In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

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

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

## 13. Review of Accounts

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

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

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

## 14. Client Referrals and Other Compensation

**A.** As referenced in Item 12.A.1 above, the Registrant receives an economic benefit from broker-dealers. The Registrant, without cost (and/or at a discount), receives support services and/or products from broker-dealers.

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

As discussed in Item 4 above, Registrant makes available to clients the Cash Management Program offered by StoneCastle. Registrant may earn an administrative fee from StoneCastle if clients participate in this program. Clients should be aware that a conflict of interest exists, as Registrant may have an incentive to recommend its clients participate in the program for the purposes of receiving a fee. Registrant always acts in the best interests of its clients and clients are in no way obligated to utilize this program.

**B.** Neither the Registrant nor any management person of the Registrant compensates, directly or indirectly, any non- supervised person for client referrals.

## 15. Custody

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

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

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

The Registrant provides other services on behalf of its clients that require disclosure at Form ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from the Registrant to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## 16. Investment Discretion

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

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

## 17. Voting Client Securities

**A.** The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

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

## 18. Financial Information

**A.** The Registrant does not require clients to pay fees of more than $1,200, per client, six months or more in advance.

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

**C.** The Registrant has not been the subject of a bankruptcy petition.