

# Item 1: Cover Page

## Manuka Financial, LLC

3910 W Franklin St  
Richmond, Virginia 23221

### **Form ADV Part 2A – Firm Brochure**

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804-293-0397

This Brochure provides information about the qualifications and business practices of Manuka Financial, LLC (“MF”). If you have any questions about the contents of this Brochure, please contact us at 804-293-0397. 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.

Registration of an investment adviser does not imply any level of skill or training.

Additional information about MF is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), which can be found using MF’s identification number, 313528.

## Item 2: Material Changes

In this Item, MF is required to identify and discuss material changes since filing its last annual amendment. Since the last filing on June 3, 2024, the following material changes have been made:

- MF uses a third-party referral service.

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# Item 4: Advisory Business

## **Description of Advisory Firm**

Manuka Financial, LLC (hereinafter referred to as “MF”, “we”, “firm”, and “us”) was founded in January, 2021. Michael Powers is the principal owner of MF. Manuka Financial is registered with the SEC.

## **Types of Advisory Services**

### **Investment Management Services**

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a Client regarding the investment of Client funds based on the individual needs of the Client on a discretionary basis. We will retain the discretion to buy, sell, or otherwise transact in securities and other investments in a Client’s accounts without first receiving such Client’s specific approval for each transaction. Such discretionary authority is granted by a Client in his or her advisory agreement with us. Through personal discussions in which goals and objectives based on a Client’s particular circumstances are established, we develop a Client’s personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We will also review and discuss a Client’s prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the Client (e.g., maximum capital appreciation, growth, income, or growth, and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

### **Ongoing Comprehensive Financial Planning**

This service involves working one-on-one with a planner over an extended period of time. By paying a fixed quarterly fee, Clients get to work with a planner who will work with them to develop and implement their plan. The planner will monitor the plan, recommend any changes, and ensure the plan is up to date.

Upon engaging us for ongoing financial planning, a Client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, employee benefit, retirement planning, insurance, investments, college planning, and estate planning. Once the Client’s information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the Client. Clients subscribing to this service will receive a written or an electronic report, providing the Client with a detailed financial plan designed to help the Client achieve his or her stated financial goals and objectives. If a follow-up meeting is required, we will meet at the Client’s convenience. The plan and the Client’s financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the Client to confirm that any agreed upon action steps have been carried out. On an annual basis, there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, GCB hereby makes the following statement: a conflict exists between the interest of MF and the interests of the client. Further, the client is under no obligation to act upon MF’s recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through MF.

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

### **Project-Based Financial Planning Service**

We provide project-based financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

Financial planning involves an evaluation of a Client's current and future financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they affect and are affected by the entire financial and life situation of the Client. Clients purchasing this service will receive a written or an electronic report, providing the Client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The Client and the planner will work together to select specific areas to cover. These areas may include, but are not limited to, the following:

**Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

**College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).

**Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.

**Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts, and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

**Financial Goals:** We will help Clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.

**Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.

**Investment Analysis:** This may involve developing an asset allocation strategy to meet Clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

**Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

**Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").

**Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with the consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

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

We consult with clients initially and on an ongoing basis, through the duration of their engagement with us, to determine risk tolerance, time horizon and other factors that may impact the clients' investment and/or planning needs. We ensure that clients' investment and planning recommendations are suitable for their needs, goals, objectives, and risk tolerance.

Clients are able to specify, within reason, any limitations they would like to place on discretionary authority as it pertains to individual securities and/or sectors that will be traded in their account. All such requests must be provided to MF in writing. MF will notify Clients if they are unable to accommodate any requests.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

## **Assets under Management**

As of May 31, 2024, Manuka manages \$109,225,506 on a discretionary basis and \$0 is managed on a non-discretionary basis.

# **Item 5: Fees and Compensation**

Please note, unless a Client has received this brochure at least 48 hours prior to signing an investment advisory and/or a financial planning agreement (each, a "Client Contract"), the Client Contract may be terminated by the Client within five (5) business days of signing the Client Contract without incurring any fees. How we are paid depends on the type of advisory services we perform. Below is a brief description of our fees, however, you should review your executed Client Contract for more detailed information regarding the exact fees you will be paying.

## **Ongoing Comprehensive Financial Planning**

Ongoing Comprehensive Financial Planning consists of an upfront charge of \$950 - \$10,000 (the "Initial Financial Planning Fee") and an ongoing fee (the "Ongoing Financial Planning Fee") that is paid quarterly, in advance, at the rate that generally ranges from \$1,250 - \$15,000 per quarter. Collectively, the Initial Financial Planning Fee and the Ongoing Financial Planning Fee are referred to as the "Financial Planning Fee"). The Financial Planning Fee may be negotiable in certain cases. The Financial Planning Fee may be paid by electronic funds transfer or check. This service may be terminated upon written notice. Upon termination of any Client Contract, the Ongoing Financial Planning Fee will be prorated, and any unearned fee will be refunded to the Client. The Initial Financial Planning Fee is non-refundable.

The Initial Financial Planning Fee is for the development and delivery of the financial plan. This work will commence immediately after the Initial Financial Planning Fee is paid and will be completed within the first 90 days of the date it is paid. Therefore, the Initial Financial Planning Fee will not be paid more than 6 months in advance.

For Clients engaging in both Ongoing Comprehensive Financial Planning and Investment Management services, their Financial Planning Fee may be directly debited from a managed account, not to exceed 2% of assets under management per year.

## **Investment Management Services**

As noted above, our Financial Planning Fee includes Investment Management services for assets without incurring an additional Investment Management Fee.

Our fees are negotiable and are prorated and paid in advance on a quarterly basis. No increase in the annual fee shall be effective without agreement from the Client by signing a new agreement or amendment to their current advisory agreement.

To the extent a Client is receiving Investment Management services from, our fees are directly debited from Client accounts. The Client may alternatively choose to pay by electronic funds transfer or check. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days remaining in the billing period. An account may be terminated with written notice. Upon termination of the account, any unearned portion of our fee will be refunded to the Client.

## **Project-Based Financial Planning Fixed Fee**

Project-Based Financial Planning is offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$950 and \$25,000, depending on complexity and the needs of the Client. The fee is negotiable. Half of the fee is due upon execution of the financial planning agreement and the remainder is due at completion of work, however, MF will not bill an amount above \$500.00, 6 or more months in advance. Fees for this service may be paid by electronic funds transfer or check. In the event of early termination any prepaid but unearned fees will be refunded to the Client and any completed deliverables of the project will be provided to the Client and no further fees will be charged.

## **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for Client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

While our firm endeavors at all times to offer clients specialized services at reasonable costs, the fees charged by other investments advisers for comparable services may be lower than the fees charged by our firm.



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

We do not offer performance-based fees and do not engage in side-by-side management.

# Item 7: Types of Clients

We provide financial planning and portfolio management services to individuals and high net-worth individuals.

We do not have a minimum account size requirement.

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

Our primary method of investment analysis is Modern Portfolio Theory.

## **Modern Portfolio Theory**

The underlying principles of MPT are:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by an expected return. Risk and investment return are related and an increase in risk requires an increased expected return.
- Markets are efficient. The same market information is available to all investors at the same time. The market prices every security fairly based upon this equal availability of information.
- The design of the portfolio as a whole is more important than the selection of any particular security. The appropriate allocation of capital among asset classes will have far more influence on long-term portfolio performance than the selection of individual securities.
- Investing for the long term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- Increasing diversification of the portfolio with lower correlated asset class positions can decrease portfolio risk. Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.

## **Passive Investment Management**

We primarily practice passive investment management. Passive investing involves building portfolios that are composed of various distinct asset classes. The asset classes are weighted in a manner to achieve the desired relationship between correlation, risk, and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange-traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark.

## **Material Risks Involved**

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities, and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the Client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions, we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the

exchange, or the activation of market-wide “circuit breakers” (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the Clients invest.

**Mutual Funds:** When a Client invests in open-end mutual funds or ETFs, the Client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, many of which may be duplicative. In addition, the Client’s overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer’s bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond’s maturity, the greater its interest rate risk.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond’s tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor’s tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Treasury Securities** include Treasury bills, notes, and bonds, and are debt obligations issued by the U.S. Department of the Treasury. Treasury securities are considered one of the safest investments because they are backed by the full faith and credit of the U.S. government.; however, there is a risk that interest rates will increase over time, thus making a previously purchased Treasury Security worth less than more recently-issued Treasury Securities. There is also the ostensible opportunity cost of not investing in other securities that may have a higher expected return potential, or that such Treasury Securities do not keep pace with the rate of inflation.

## Item 9: Disciplinary Information

### **Criminal or Civil Actions**

MF and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

MF and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

MF and its management have not been involved in legal or disciplinary events that are material to a Client’s or prospective Client’s evaluation of MF or the integrity of its management.

# Item 10: Other Financial Industry Activities and Affiliations

Neither MF nor any MF management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither MF nor any MF management person is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor, or an associated person of the foregoing entities.

MF does not have any related parties. As a result, we do not have a relationship with any related parties.

MF only receives compensation directly from Clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

## **Recommendations or Selections of Other Investment Advisers**

MF does not recommend or retain any third-party advisers, sub-advisers, turnkey asset management providers, or other money managers to manage Client accounts.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each Client. Our Clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc. and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

## **Code of Ethics Description**

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory Clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to Clients.
- Competence - Associated persons shall provide services to Clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to Clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.

- Confidentiality - Associated persons shall not disclose confidential Client information without the specific consent of the Client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matters shall reflect the credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a Client or effect a transaction for a Client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its “related persons” may buy or sell securities similar to, or different from, those we recommend to Clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates’ transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

### **Trading Securities At/Around the Same Time as Client’s Securities**

From time to time, our firm or its “related persons” may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of MF to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, MF will never engage in trading that operates to the client’s disadvantage if representatives of MF buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

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

MF does not have any affiliation with broker-dealers or custodians (collectively, “Custodial Broker-Dealers”). Specific Custodial Broker-Dealer recommendations are made to the Client based on their need for such services. We recommend Custodial Broker-Dealers based on the reputation and services provided by such Custodial Broker-Dealer.

In recommending Custodial Broker-Dealers, we have an obligation to seek the “best execution” of transactions in Client accounts. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the Custodial Broker-Dealer’s services. The factors we consider when evaluating a Custodial Broker-Dealer for best execution include, without limitation, the Custodial Broker-Dealer’s:

- Execution capability;
- Commission rate;
- Financial responsibility;
- Responsiveness and customer service;
- Custodian capabilities;
- Research services/ancillary brokerage services provided; and
- Any other factors that we consider relevant.

With this in consideration, our firm recommends Charles Schwab & Co., Inc. (“Schwab”), an independent and unaffiliated SEC registered broker-dealer firm and member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). Although clients may request us to use a Custodial Broker-Dealer of their choosing, we generally recommend that clients open brokerage accounts with Schwab. We are not affiliated with Schwab. The Client will ultimately make the final decision of the Custodial Broker-Dealers to be used to hold the Client’s investments by signing the selected Custodial Broker-Dealer’s account opening documentation.

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

We do not receive research and other soft dollar benefits in connection with client securities transactions, which are known as “soft dollar benefits”. However, the Custodial Broker-Dealer(s) we recommend provide certain products and services that are intended to directly benefit us, clients, or both. Such products and services include (a) an online platform through which we can monitor and review client accounts, (b) access to proprietary technology that allows for order entry, (c) duplicate statements for client accounts and confirmations for client transactions, (d) invitations to the educational conferences, (e) practice management consulting, and (f) occasional business meals and entertainment.

The receipt of these products and services creates a conflict of interest to the extent it causes us to recommend Schwab as opposed to a comparable Custodial Broker-Dealer. We address this conflict of interest by fully disclosing it in this brochure, evaluating Schwab based on the value and quality of its services as realized by clients, and by periodically evaluating alternative Custodial Broker-Dealers to recommend.

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

We receive no referrals from a Custodial Broker-Dealer or third party in exchange for using that Custodial Broker-Dealer or third party.

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

We do recommend Schwab as the specific Custodial Broker-Dealer for Clients to use, however, Clients may custody their assets at a Custodial Broker-Dealer of their choice. Clients may also direct us to use a specific Custodial Broker-Dealer to execute transactions. By allowing Clients to choose a specific Custodial Broker-Dealer, we may be unable to achieve the most favorable execution of Client transaction, and this may cost Clients money over using a lower-cost custodian.

## **The Custodial Broker-Dealer We Use (Charles Schwab)**

Schwab maintains custody of your assets that we manage, although we may be deemed to have limited custody of your assets due to our ability to withdraw fees from your account (see Item 15 – Custody, below).

**Your brokerage and custody costs:** For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program.

**Products and services available to us from Schwab:** Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like us. Schwab Advisor Services provide our clients and us with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

**Services that benefit you:** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that may not directly benefit you:** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide pricing and other market data
- facilitate payment of our fees from our clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

**Services that generally benefit only us:** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

The receipt of various products and services from Schwab creates a conflict of interest. We believe, however, that our recommendation of Schwab as Custodial Broker-Dealer is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

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

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We do not engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments we hold in advisory client accounts; we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

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

Michael Powers, Member and CCO of MF, will work with Clients to obtain current information regarding their assets and investment holdings and will review this information as part of our financial planning services. MF does not provide specific reports to financial planning Clients, other than financial plans.

Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Michael Powers, Member and CCO. Client accounts are reviewed with regards to the Client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or

deletions of Client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per a Client's needs.

Clients will receive trade confirmations from the Custodial Broker-Dealer for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their Custodial Broker-Dealer showing all activity in the accounts, such as receipt of dividends and interest.

MF will not provide written reports to Investment Management Clients.

## Item 14: Client Referrals and Other Compensation

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a Custodial Broker-Dealer. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

Outside of those listed above, we do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our Clients. Nor do we, directly or indirectly, compensate any person who is not advisory personnel for Client referrals.

We do solicit and receive endorsements through a third-party provider, no compensation is involved.

## Item 15: Custody

MF does not accept custody of Client funds except in the instance of withdrawing Client fees.

For Client accounts in which MF directly debits its fees:

- i. MF will send a copy of its invoice to the Custodial Broker-Dealer at the same time that it sends the Client a copy.
- ii. The Custodial Broker-Dealer will send at least quarterly statements to the Client showing all disbursements for the account, including the amount of the advisory fee.
- iii. The Client will provide written authorization to MF, permitting them to be paid directly for their accounts held by the Custodial Broker-Dealer.

Clients should receive at least quarterly statements from the Custodial Broker-Dealer that holds and maintains Client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from Custodial Broker-Dealer statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.



## Item 16: Investment Discretion

For those Client accounts to which we provide Investment Management Services, we maintain discretion over Client accounts with respect to securities to be bought and sold, the amount of securities to be bought and sold and the timing of when securities are bought and sold. Investment discretion is explained to Clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the Client will execute a Limited Power of Attorney, which will grant our firm discretion over the Client's applicable accounts. Additionally, the discretionary relationship will be outlined in the Client Contract and signed by the Client.

## Item 17: Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's Custodial Broker-Dealer to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the Client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this Brochure.

In most cases, you will receive proxy materials directly from the Custodial Broker-Dealer. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to Clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of Client funds or securities or require or solicit prepayment of more than \$500 in fees per Client six months or more in advance.