

# SmartHarvest Portfolios LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of SmartHarvest Portfolios LLC. If you have any questions about the contents of this brochure, please contact us at (206) 841-9944 or by email at: [info@smartharvestportfolios.com](mailto:info@smartharvestportfolios.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about SmartHarvest Portfolios LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SmartHarvest Portfolios LLC's CRD number is: 334260.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## Item 2: Material Changes

SmartHarvest Portfolios LLC has the following material changes to report. Material changes relate to SmartHarvest Portfolios LLC's policies, practices or conflicts of interest.

- The firm has updated its assets under management. (Item 4.E)

### Item 3: Table of Contents

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## **Item 4: Advisory Business**

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

SmartHarvest Portfolios LLC (hereinafter “SHPLLC”) is an SEC registered investment adviser organized as a Limited Liability Company in the State of Washington. The firm was formed in December 2024, and the principal owner is Kyle Lunde.

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

SHPLLC offers advisory services to other investment advisors and their investment adviser representatives (collectively, the “Other Advisors”) who in turn provide advisory services to individuals, high net worth individuals, families, trusts, estates, and businesses (the “Clients”). SHPLLC’s advisory services are provided on a discretionary basis.

SHPLLC serves as a fiduciary to the Other Advisors, as defined under the applicable laws and regulations. As a fiduciary, SHPLLC upholds a duty of loyalty, fairness, and good faith towards each Other Adviser and seeks to mitigate conflicts of interest. SHPLLC’s fiduciary commitment is further described in SHPLLC’s Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### ***Discretionary Investment Management Services***

SHPLLC provides stand-alone investment management services, typically as a sub-adviser for Other Advisors. In certain instances, the Client may be required to authorize and enter into an investment advisory agreement with SHPLLC that defines the terms under which SHPLLC will provide its services. In most cases, the Other Advisor will engage SHPLLC on behalf of its Client[s], and the Other Advisor will retain the authority to terminate SHPLLC without specific Client consent. In either case, an Other Advisor will assist each Client with identifying their investment objectives and portfolio needs as well as with the development of the initial policy recommendations and managing the ongoing Client relationship. The Other Advisor will work with SHPLLC to design an asset allocation and investment plan to meet the Client’s goals.

As a sub-adviser, SHPLLC will manage investment portfolios for Clients’ under contract with Other Advisors (herein referred to as “Client”) on a discretionary basis using one or more strategies based on the investment goals and objectives, distribution needs and tax goals, as well as risk tolerance and financial situation as directed by Other Advisor, with respect to the Clients. SHPLLC will work with a Client’s already existing portfolio to efficiently build out what SHPLLC believes to be an appropriate portfolio (i.e., utilizing existing securities where appropriate) and manage across multiple types of accounts (e.g., IRA, trust, personal, joint, etc.). SHPLLC will rely on the financial and other information provided by the Other Advisor without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Other Advisor

to inform SHPLLC of any changes in financial condition, goals, or other factors that may affect this analysis.

SHPLLC's strategies will typically consist of individual stock equity positions, exchange-traded funds ("ETFs") and/or mutual funds to achieve each Client's investment goals. SHPLLC may also utilize individual bonds, and other types of investments, as appropriate, to meet the needs of each Client. SHPLLC may retain certain legacy investments based on portfolio fit and/or tax considerations.

SHPLLC will select, recommend, and/or retain individual stock equity positions, exchange-traded funds ("ETFs"), mutual funds, and/or other investments both on a security-by-security basis but also through the use of quantitative portfolio optimization systems. In the case of Mutual Funds, due to specific custodial and/or mutual fund company constraints, material tax considerations, and/or systematic investment plans, SHPLLC may select, recommend, and/or retain a mutual fund share classes that do not have trading costs when possible. These will in most cases be institutional share classes but, in some cases, may be share classes with higher internal expense ratios than institutional share classes. SHPLLC will seek to select the lowest cost share class available that is in the best interest of each Client weighing the expected investment pattern, expense ratios, and potential ticket charges, and will ensure the selection aligns with the Client's financial objectives and stated investment guidelines, as communicated by the Other Advisor.

SHPLLC's investment approach is primarily long-term focused, but SHPLLC may buy, sell, or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. SHPLLC will construct, implement, and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance identified with respect to the Client. SHPLLC generally allows for customization of Client portfolios, including reasonable restrictions on the types of investments to be held and investment strategies to be used in Client portfolios, subject to acceptance by the Other Advisor and SHPLLC. SHPLLC cannot accommodate some restrictions for Client investments in underlying pooled investment vehicles.

SHPLLC evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. SHPLLC may recommend, on occasion, redistributing investment allocations to diversify the portfolio. SHPLLC may recommend specific positions to increase sector or asset class weightings. SHPLLC may recommend employing cash positions as a possible hedge against the market movement. SHPLLC may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

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

SHPLLC assists financial institutions with investment management in exchange for a fee based on assets under management. The representatives of the financial institutions retain the authority to approve or reject all asset allocation strategies, investment manager recommendations, or other materials that result from SHPLLC's services. In addition, each representative of the financial institutions retains sole responsibility for determining the needs of their Clients and in choosing which strategies or managers can be appropriate for them. Other than in these instances, SHPLLC does not have direct knowledge of, nor direct communication with, the underlying Client of the financial institution.

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

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. SHPLLC does not participate in wrap fee programs.

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

SHPLLC has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$ 348,143,481         | \$0                        | December 2025    |

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

The following paragraphs detail the fee structure and compensation methodology for services provided by SHPLLC. Each Client and/or Other Advisor engaging SHPLLC for services described herein will be required to enter into a written sub-advisory agreement between the Other Advisor and SHPLLC.

### **A. Fees for Advisory Services**

#### ***Discretionary Investment Management Services***

Sub-advisory fees for stand-alone investment management services are paid quarterly, either in advance or in arrears of each calendar quarter, pursuant to the terms of the advisory agreement or the sub-advisory agreement with the Other Advisor. Investment advisory fees are based on the market value of assets under management at the end of the prior quarter or using average daily balance if billed in arrears. Investment advisory fees, for sub-advisory services, range from 0.05% to 0.2% annually based on several factors, including: the scope and complexity of the services to be provided; the level of assets to

be managed; and the overall relationship with the Other Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The sub-advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter and is based on the market value of assets under management on the inception date if billed in advance. If billed in arrears, the average daily balance method is used from the inception date. Fees may be negotiable at the sole discretion of the SHPLLC. The Other Advisor's fees will take into consideration the aggregate assets under management with SHPLLC across all Client accounts, unless otherwise agreed in writing. It is expected that all securities held in accounts managed by SHPLLC will be independently valued by the Custodian. In the event market quotations are not readily available for certain assets, SHPLLC will determine the fair market value of such assets in good faith.

Clients and Other Advisors may make additions to and withdrawals from their account[s] at any time, subject to SHPLLC's right to terminate an account. Additions may be in cash or securities provided that SHPLLC reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets on notice to SHPLLC, subject to the usual and customary securities settlement procedures. However, SHPLLC designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of Other Advisor's or Client's investment objectives. SHPLLC may consult with the Other Advisors and/or Clients about the options and ramifications of transferring securities. However, Other Advisors and Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (*i.e.*, contingent deferred sales charge) and/or tax ramifications.

## **B. Payment of Fees**

### ***Discretionary Investment Management Services***

A Client's overall fees will generally include the Other Advisor's fees as well as SHPLLC's advisory fees. In certain instances, the Other Advisor may assume responsibility for calculating a Client's fees and deduct all fees from the Client's account[s] and thereafter remit SHPLLC its portion of the fees. In other instances, the Other Advisor and SHPLLC will each assume the responsibility for calculating and deducting their respective fees from a Client's account[s].

When SHPLLC is responsible for calculating its fees, it will send an invoice to the Custodian indicating the amount of the fees to be deducted from a Client's account[s] in advance of each quarter. If billing in advance, the amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the market value of assets under management as of the end of the prior quarter. If billing in arrears, SHPLLC will use the average daily balance method to calculate the amount of fees. Where applicable, Clients provide written authorization permitting advisory fees to be deducted by SHPLLC to be

paid directly from their account[s] held by the Custodian as part of the advisory agreement and separate account forms provided by the Custodian.

Clients will be provided with a statement, generally quarterly, from the Custodian reflecting the deduction of the advisory fees.

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

Clients may incur certain fees or charges imposed by third parties, other than SHPLLC, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian, as applicable. (For the sake of clarity, if a Client's account participates in a wrap program sponsored by the applicable Other Advisor, such Other Advisor would cover the custody and securities execution fees on behalf of the Client.) SHPLLC's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. Additional fees charged may include margin interest, check fees, trade-away fees, odd lot differentials, and other similar types of fees; mark-ups and mark-downs, spreads paid to market makers, deferred sales charges, wire transfer fees, electronic fund transfer fees, transfer taxes, and other fees and taxes on brokerage accounts and securities transactions; and, if applicable, New Mexico gross receipts taxes. The fees charged by SHPLLC are separate and distinct from these custody and execution fees.

In addition, all fees paid to SHPLLC for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (*e.g.*, custody, brokerage, and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of SHPLLC, but would not receive the services provided by SHPLLC which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by SHPLLC to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

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

SHPLLC collects certain fees in advance and certain fees in arrears, as indicated above. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within thirty days to the client via check, or return deposit back into the client's account. If circumstances prevent a return of the prorated funds within 30 days, SHPLLC will communicate timing with the Other Advisor, which is contracted to provide services to the Client.



Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

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

SHPLLC does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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

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

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

SHPLLC offers advisory services to Other Advisors, who in turn provide advisory services to individuals, high net worth individuals, families, trusts, estates, and businesses. SHPLLC generally does not impose a minimum relationship size.

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

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

##### *Methods of Analysis*

SHPLLC's methods of analysis include Modern portfolio theory and Quantitative analysis.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

## *Investment Strategies*

SHPLLC uses long term trading and short term trading.

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

### **B. Material Risks Involved**

#### *Methods of Analysis*

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

#### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

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

### C. Risks of Specific Securities Utilized

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

**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.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**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.

**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. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded

in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

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

## **Item 9: Disciplinary Information**

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

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

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

There are no self-regulatory organization proceedings to report.

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

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

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

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

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

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

Neither SHPLLC nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

SHPLLC does not utilize nor select third-party investment advisers.

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

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

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

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

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

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

From time to time, representatives of SHPLLC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SHPLLC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SHPLLC will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

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

From time to time, representatives of SHPLLC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SHPLLC 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, SHPLLC will never engage in trading that operates to the client's disadvantage if representatives of SHPLLC buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

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

Custodians/broker-dealers will be recommended based on SHPLLC's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and SHPLLC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in SHPLLC's research efforts. SHPLLC will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

SHPLLC recommends Schwab Institutional, a division of Charles Schwab & Co., Inc. and Fidelity Brokerage Services LLC.

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

While SHPLLC has no formal soft dollars program in which soft dollars are used to pay for third party services, SHPLLC may receive research, products, or other services

from custodians and broker-dealers in connection with client securities transactions (“soft dollar benefits”). SHPLLC may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and SHPLLC does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SHPLLC benefits by not having to produce or pay for the research, products or services, and SHPLLC will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SHPLLC’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

SHPLLC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

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

SHPLLC may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client’s direction with respect to the use of brokers supersedes any authority granted to SHPLLC to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

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

SHPLLC does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

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

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

All client accounts for SHPLLC's advisory services provided on an ongoing basis are reviewed at least quarterly by Kyle Lunde, Managing Member and Chief Compliance Officer, with regard to clients’ respective investment policies and risk tolerance levels. All accounts at SHPLLC are assigned to this reviewer.



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

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

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

Each client of SHPLLC's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. SHPLLC will also provide at least monthly a separate written statement to the client.

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

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

SHPLLC does not receive any economic benefit, sales award, or other prize from any third party in connection with providing investment advice to its clients. SHPLLC's compensation consists solely of the advisory fees described in Item 5 above.

With respect to Schwab, SHPLLC receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For SHPLLC client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to SHPLLC other products and services that benefit SHPLLC but may not benefit its clients' accounts. These benefits may include national, regional or SHPLLC specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of SHPLLC by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some



of which may accompany educational opportunities. Other of these products and services assist SHPLLC in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of SHPLLC's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of SHPLLC's accounts. Schwab Advisor Services also makes available to SHPLLC other services intended to help SHPLLC manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to SHPLLC by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SHPLLC. SHPLLC is independently owned and operated and not affiliated with Schwab.

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

SHPLLC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

SHPLLC does not accept or maintain custody of any Client accounts, except for the authorized deduction of the SHPLLC's fees. All Clients must place their assets with a "qualified custodian." Clients are required to engage the Custodian to retain their funds and securities and direct SHPLLC to utilize that Custodian for the Clients' security transactions whenever possible. Clients should review statements provided by the Custodian and compare to any reports provided by SHPLLC to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

If a Client gives the Other Advisor authority to move money from one account to another account, the Other Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Other Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

## **Item 16: Investment Discretion**

For discretionary arrangements, SHPLLC will have authority over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously identified by the Client to the Other Advisor and agreed to by SHPLLC. Full disclosure (and any necessary authorizations) of SHPLLC's discretionary authority will be provided by the Other Advisor to the Client. The granting of such authority will be evidenced by a signed subadvisory agreement between SHPLLC and the Other Advisor. All discretionary trades made by SHPLLC will be in accordance with each Client's investment objectives and goals set forth by the Other Advisor.

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

SHPLLC acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. SHPLLC will vote proxies on behalf of a client solely in the best interest of the relevant client and has established general guidelines for voting proxies. SHPLLC may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, SHPLLC may vote in a manner that is contrary to the general guidelines if it believes that doing so would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between SHPLLC and a client, then SHPLLC will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting SHPLLC in writing and requesting such information. Each client may also request, by contacting SHPLLC in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SHPLLC neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

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

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

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

SHPLLC has not been the subject of a bankruptcy petition in the last ten years.