

# DISCLOSURE BROCHURE

JANUARY 2024

This brochure provides information about the qualifications and business practices of Skyline Financial Northwest, Inc. (DBA Skyline Financial Northwest). If you have any questions about the contents of this brochure, you can reach us using the contact information provided below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration with a securities regulatory agency is not indicative of a specific level of skill or training.

Additional information about Skyline Financial Northwest is also available from FINRA at 800-289-9999 and [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (CRD # 146844) and the State of Oregon at the Department of Consumer & Business Services Division of Finance and Corporate Securities at [www.cbs.state.or.us/dfcs/online.html](http://www.cbs.state.or.us/dfcs/online.html).

## Material Changes

This section will be updated from time to time if there is a material change.

Since our last update in January 2023, the following changes have occurred at the firm:

- Assets under management have increased
- Skyline Financial Northwest added discretionary asset management of employer sponsored retirement plans (401k and 403b) as a service via a third-party platform, Pontera, that allows visibility and investment control without giving us custody of the account. More information and disclosures can be found in **Advisory Business** and in **Fees and Compensation**.
- TD Ameritrade and Charles Schwab have completed their merger, so TD Ameritrade's information regarding fees and expenses has been removed.
- Jonas Merrill finished his temporary role with Skyline Financial Northwest and is no longer with the firm.

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## **Advisory Business**

Skyline Financial Northwest, Inc. (SFNW) is a fee only financial planning and investment advisory firm established and licensed in the state of Oregon in 2008 by Aaron Hillman, the sole owner. The firm is also currently registered in California and Washington state.

### **Advisory Services**

SFNW provides investment advisory services for individuals, trusts, estates, and small businesses. Investment advice can take five primary forms:

1. Discretionary investment management services using a 3<sup>rd</sup> party custodian where the advisor:
  - Helps the client craft an investment policy statement to guide the subsequent actions the advisor will make on behalf of the client in the managed account(s).
  - Selects securities for the client's portfolio
  - Makes trades in the client's account(s) to establish the portfolio
  - Maintains the portfolio via rebalancing trades, and
  - Regularly reports on portfolio performance
2. Discretionary investment management services of employer sponsored retirement plans using a 3<sup>rd</sup> party data aggregator and order management system.
  - This service is identical to that listed in #1 (above) except that the advisor is limited to the securities available to the plan as investment options.
  - This service is only available to clients that have non-qualified assets (brokerage accounts) that are also being managed by the advisor that equal at least 25% of the value of the employer plan to be managed.
  - The 3<sup>rd</sup> party platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform.
3. Acting as an advisor consultant or fiduciary advisor on qualified retirement plans (such as 401(k)'s and 403(b)'s for plan sponsors), which can include services such as:
  - Plan design review and change recommendations
  - Participant education
  - Investment vehicle selection and ongoing review for the plan
  - Risk based model portfolio construction and maintenance
  - Assist in evaluation of, selection of, and transition to other plan service providers

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4. One-time asset allocation and/or security recommendation
5. One-time investment alternatives analysis and recommendations (e.g. residential or commercial real estate opportunities, purchases of private businesses, etc.)

SFNW provides financial planning services for individuals, trusts, estates, and small businesses. Financial planning services can include but are not limited to the following subjects:

- General personal finance – examining income, spending, debt, savings, etc.
- Retirement planning – defining goals, calculating expected costs, developing budgets, specifying savings types and amounts
- Investment planning – uses inputs from the other areas of financial planning to develop a holistic investment plan to meet your previously defined goals and objectives
- Education funding – formulate a savings and funding plan for higher education
- Tax planning – look at income types and timing as well as planning techniques to maximize long term tax efficiency
- Risk management – discuss risks that a client is exposed to and what tools there are to minimize or eliminate them
- Estate planning – explore and define opportunities for estate process efficiency, tax efficiency, legatee benefit

## **Investment Philosophy and Style**

SFNW believes that each client's situation and needs are unique, and that their investment portfolio should match. In order to act on this belief, it is important that each client (with the help of their investment advisor) create an Investment Policy Statement (IPS) that captures the essence of the client's situation and investment personality. SFNW then uses the IPS to set boundary conditions on the types of securities to be included in the client's account, and then uses both publicly available, and subscription service data to do fundamental, technical, and cyclical analysis of the securities and security products to select the specific investments to be held.

At SFNW we believe the best possible investment style is to use passive investment vehicles to build a highly engineered, well diversified portfolio at the lowest possible total cost to the client. By keeping the fees in the client's account to a minimum we believe that an investor has a much better chance of achieving their investment goals.

## **Types of Investments**

SFNW offers advice on and uses a variety of investment products and services for its clients. SFNW will develop an Investment Policy Statement (IPS) with each of its investment advisory clients that will be individually tailored to their needs, wishes, goals, and risk tolerance profile. The IPS will

then be used by the investment advisor to select the appropriate investments for the client's account. The types of investments on which SFNW offers advice are listed below:

- Equity Securities
  - Exchange listed securities
  - Securities traded over the counter (OTC)
  - Foreign issuers
- Corporate debt securities (not commercial paper)
- Certificates of deposit (CD's)
- Municipal securities (muni's)
- Investment company securities
  - Mutual funds
  - Variable annuities<sup>1</sup>
  - Variable life insurance<sup>2</sup>
- United States government securities
- Options contracts on:<sup>3</sup>
  - Securities
- Interest in partnerships investing in:
  - Real Estate
  - Oil and Gas interests

## **Assets Under Management**

As of January 2, 2024 SFNW, had a total of \$86,795,000 under management. \$77,577,000 of the total is in discretionary individual and family accounts \$9,218,000 of the total is discretionary qualified plan assets

## **Financial Planning Conflict of Interest Disclosure**

In the course of business, there may be situations where a conflict of interest between the advisor and the client may exist. We at Skyline Financial Northwest have specifically selected a compensation methodology, fee only advice, which we believe minimizes that possibility. By charging a specific percentage of assets to manage money we are free to recommend any investment approach without the consequence of impacting our own compensation.

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<sup>1</sup> SFNW will render advice on variable annuities, but does not sell them.

<sup>2</sup> SFNW will render advice on variable life insurance, but does not sell policies.

<sup>3</sup> SFNW does not buy or sell options for client accounts except to liquidate existing incoming positions.

We do not sell any investment products or insurance which typically generates a commission for the person selling it. Because we do not sell these products, we are free to give advice in these areas in the course of financial planning that will be strictly for the benefit of the client, and have no impact upon the advisor's compensation.

In the course of financial planning or providing investment services, it may be the case that you need a referral to a legal, insurance, or tax professional. Skyline Financial Northwest has a list of service providers that we have experience with through clients or personally, and feel confident referring new clients or prospects to. We do not have any arrangements, whether formal or informal with any service providers for compensation or quid pro quo in exchange for these referrals.

State of California Required Disclosure Language:

*A conflict of interest exists between the interests of the investment advisor and the interests of the client. Clients are under no obligation to act upon the investment advisor's recommendations. If a client elects to act upon any of the recommendations, the client is under no obligation to effect the transaction through the investment advisor.*

## **Fees and Compensation**

In the world of finance there can be many sources of costs. Fees that SFNW charges come from two different services; Financial Planning and Investment Management. Because SFNW believes firmly believes the best client outcomes typically come from upfront planning followed by ongoing consultation and investment management, we offer significant discounts to our planning fees to clients that choose to utilize us for ongoing investment management. Please refer to the *Managed Account Fee Structure* section below for details.

### **Financial Planning Fees**

For financial planning work, SFNW can charge by the hour or on a fixed price for a fixed scope basis as agreed to in advance by the client and the advisor. SFNW and its employees and officers do not receive any compensation either directly or indirectly for recommending specific financial or insurance products. We are a fee only firm and only receive compensation through the fees we charge directly to our clients.

Fixed fee planning projects are subject to a \$4,000 minimum. Proposed fees for fixed scope, fixed price contracts are determined based on the estimated time required for the financial planning staff to create the plan and the hourly rate for each staff member. Fees are negotiable. Financial planning fees are typically paid half at contract signing, and half upon delivery and acceptance of the final plan.

When financial planning fees are due, the advisor will provide an invoice that contains the fee, the formula or basis for the fee, the actual calculation of the fee if applicable, and the time period covered. Fees are payable by check.

A client may terminate a financial planning agreement at any time for any reason. The client must submit a written termination request at which time all earned planning fees are due and payable. If the advisory fees are for a “fixed fee” service and the service is incomplete, the charge will be based on our hourly rate (as of the date of the contract) for time already spent on the service up to a maximum of the full contracted fee. These rates as of today are:

- \$100/hour for support staff
- \$200/hour for non-CFP® advisors
- \$300/hour for CFP® advisors

For financial planning contracts that are terminated early, the client will receive all advisor generated work produced up to the date of termination once the final bill has been settled.

### Investment Advisory Fees

SFNW is compensated for its services through one, or more of the following methods:

- A percentage of assets under management. For specific rates, see the *Managed Account Fee Structure* section below.
- Negotiated rates.

### Managed Account Fee Structure

FOR INDIVIDUALS, COUPLES, TRUSTS, AND ESTATES

<u>Account Assets</u>	<u>Annual Fee</u>
Less than \$1,000,000	0.90% <sup>4,5</sup>
Next \$1,000,000	0.75% <sup>6</sup>
Next \$3,000,000	0.60%
Over \$5,000,000	0.45%

<sup>4</sup> Minimum account advisory fee of \$4,500 per year applies.

<sup>5</sup> Accounts exceeding \$500,000 receive a 50% discount on financial planning services

<sup>6</sup> Accounts exceeding \$1,000,000 receive a 100% discount on financial planning services



Advisory fees are charged in arrears monthly based on the average account balance for the period subject to an annual minimum fee of \$4,500 per client. Partial months will be prorated based on days of service. Clients will receive, in advance, a written invoice showing the custodian, the fee, the formula used to calculate the fee, and the assets under management on which the fee was based for the time period covered by the invoice. We recommend clients always compare the invoice received from SFNW to the account statement(s) received from the third-party custodian. Fees will be deducted from the account for which the services are provided unless otherwise arranged at the account set up.

If a client wishes to terminate the advisory service on an account, request for termination must be in writing. Termination of advisory service will be effective the day of receipt of the request. Advisory fees will be due for services through that date, and will be immediately payable.

For those clients that opt to have SFNW manage their employer retirement plans, SFNW will utilize a 3<sup>rd</sup> party data aggregator and order management system provided by Pontera, Inc. (pontera.com). Pontera, Inc. charges SFNW 0.30% of assets on their platform per annum for the service it provides to us. SFNW does not pass on that charge to clients. SFNW will aggregate the employer retirement plan assets with any other managed assets to calculate our management fee using the same fee schedule and fee calculation methodology. Fees earned on the employer plan must be collected from a non-qualified (non IRA) account that we manage custodied at Schwab or Transamerica.

*Fee Example:*

Account Value	Amount @ Rate	Annual Fee (\$)	Effective Rate
\$350,000	+ \$350,000 @ 0.90% is less than annual minimum account fee so, minimum applies (\$4,500/yr)	\$4,500	1.20%
\$500,000	+ \$500,000 @ 0.90%	\$4,500	0.90%
\$1,500,000	+ \$1,000,000 @ 0.90% + \$500,000 @ 0.75%	\$12,750	0.85%
\$5,000,000	+ \$1,000,000 @ 0.90% + \$1,000,000 @ 0.75% + \$3,000,000 @ 0.60%	\$34,500	0.69%

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## Account Fees and Expenses

As of the date of this disclosure SFNW only works with Charles Schwab ([www.Schwab.com](http://www.Schwab.com)) and Transamerica ([www.transamerica.com](http://www.transamerica.com)) as custodians and brokers for individual's, couple's, trust's, and estate's accounts.

Transamerica's schedule of fees and charges can be viewed online at:  
[www.transamerica.com/annuities/advisory-annuity](http://www.transamerica.com/annuities/advisory-annuity)

Schwab's Schedule of fees and charges can be viewed online at:  
[www.schwab.com/public/schwab/investing/pricing\\_services/fees\\_minimums](http://www.schwab.com/public/schwab/investing/pricing_services/fees_minimums)

Deviation from their published schedule given to SFNW clients is:

- \$25 mutual fund trades (vs. \$49.95)

In general, fees charged by Schwab are for specific optional services requested by the client (e.g. duplicate statements, written trade confirmations, etc.), and not for simply maintaining an account with the custodian. Fees charged by Transamerica and Schwab are set and controlled by them, and are subject to change at any time. SFNW does not receive any compensation or portion of any of the fees collected by Transamerica or Schwab.

## Brokerage Fees

As of the date of this disclosure SFNW only works with Transamerica ([www.Transamerica.com](http://www.Transamerica.com)) and Schwab ([www.Schwab.com](http://www.Schwab.com)) as custodians and brokers for client accounts.

Transamerica's schedule of fees and charges can be viewed online at:  
[www.transamerica.com/annuities/advisory-annuity](http://www.transamerica.com/annuities/advisory-annuity)

Schwab's Schedule of fees and charges can be viewed online at:  
[www.schwab.com/public/schwab/investing/pricing\\_services/fees\\_minimums](http://www.schwab.com/public/schwab/investing/pricing_services/fees_minimums)

Deviation from their published schedule given to SFNW clients is:

- \$25 mutual fund trades (vs. \$49.95)

For our clients' accounts it 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. Schwab's mutual fund trade fee of \$25/trade applicable to our client accounts were negotiated based on our commitment to maintain a certain minimum amount of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall trading costs you pay are lower than they would be if we had not made the commitment. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited

(settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

SFNW has selected Transamerica and Schwab specifically because their fee structures are highly competitive when compared to custodians providing similar services. We also take a great deal of care to minimize transactional costs for clients by using ETF's instead of mutual funds where appropriate (ETF's trade for free at Schwab) by rebalancing only when necessary (generally once per year), and by aggregating client portfolios across multiple accounts if they are serving the same financial goals (this minimizes the total number of positions that are held by a client).

SFNW does not receive any compensation or portion of any of the fees collected by Transamerica or Schwab.

### **Security Expenses**

Most investment products (mutual funds, ETF's, annuities, private placements, etc.) have internal expenses that are ultimately paid by the client whether they see an invoice or not. These expenses must be disclosed in a prospectus written for that particular security. SFNW specifically recommends and uses securities with no loads and relatively low internal expenses because it is our belief that the less money a client pays in fees, the more likely they are to have good investment results in their accounts.

As of the date of this disclosure, the model portfolios designed and used by SFNW for most client accounts have weighted average fund expense ratios from 0.14% to 0.34% per year.

SFNW does not receive any compensation or portion of any of the fees collected by the securities used in client portfolios.

### **Performance Based Fees**

SFNW does not charge performance-based fees.

### **Pension Consulting Services**

SFNW provides pension and qualified retirement plan consulting services to small businesses. We can charge both a consultation fee for retirement plan education and advice as well as an asset-based charge on any plans that we consult on or directly manage as a 3(21) or 3(38) fiduciary respectively.

If applicable, the consultation fee will be specified and agreed upon in advance of any work with the plan sponsor or administrator, and payable at contract signing via check directly from the plan sponsor. If the client terminates the contract prior to completion, the fee refund will be calculated

using the hours spent rendering service and the advisor's standard rate schedule (same as financial planning listed above) as of the date of contract signing.

The asset-based charges are listed in the table below. All asset-based fees are billed in arrears on a quarterly basis, and will be collected through the plan custodian. For plans terminating service, advisory fees will be due and payable immediately for the portion of the quarter served to the date of notification of termination. Partial quarters will be prorated based on average account balance for the number of days the plan was serviced that quarter. Advisory fees and/or consultation fees charged by SFNW are in addition to any charges by the other plan service providers such as a Third-Party Administrator, Record Keeper, and/or Trustee. Pension consulting fees are non-negotiable.

The investment advisor or its designee will send the client a written invoice, including the name of the custodian, the fee, the formula used to calculate the fee, the time period covered by the fee, and, the amount of assets under management on which the fee was based. The investment advisor or its designee will send these to the client concurrent with the request for payment or payment of the adviser's advisory fees. The client is encouraged to compare this information with the fees listed in the account statement.

Asset Amount	Advisory Fee (annual)
Less than \$2M	0.50%
Next \$2M	0.40%
Next \$2M	0.30%
Next \$4M	0.25%
Next \$10M	0.20%
Above \$20M	0.10%

### General Fee Disclosures

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

State of Washington Required Disclosure Language:

*If a prospective client does not receive this (or the Advisor's ADV Part II) at least 48 hours in advance of entering into an investment advisory agreement the client has the right to terminate the contract without penalty within five business days after entering into the contract.*

Because SFNW wants clients rather than captives, we do not ever charge termination fees or penalties for severing your relationship with us regardless of the length of service.

## **Our Clients**

SFNW provides investment advisory and financial planning services to individuals, small businesses, trusts, and qualified retirement plans.

### **Conditions for Managing Accounts**

SFNW is committed to helping as many clients as possible without compromising quality of service. We have made our conditions for potential clients as wide as possible while still keeping in mind that the business must be profitable to be sustainable. All accounts must meet at least one of the conditions listed below:

- Account assets must exceed \$500,000, or
- Account can have any asset amount as long as the client has been a client of SFNW continuously for the previous 3 years, and met the first condition for at least 2 years, or
- Account can have any amount of assets as long as the client is first a financial planning services customer, and an arrangement is made by the advisor and the client, or
- An individual arrangement is made that is mutually acceptable to both Skyline Financial Northwest, Inc. and the investor. Such an arrangement will be in writing and signed by both parties.

Regardless of account balance, all clients are subject to the \$4,500 annual minimum asset charge.

## **Investment Style and Associated Risk**

SFNW uses data from both public and subscription sources to evaluate individual securities, and portfolios of securities. Our method of analysis uses statistical information about past performance of securities and sectors to determine an appropriate asset allocation for a given amount of risk. SFNW espouses a long-term investing approach, and believes that frequent trading can adversely affect a client's investment performance through increased transactional costs and tax inefficiency.

Investing by its very nature involves risk that clients must be prepared to bear. This risk comes in various forms. The specific risks that investment management clients could see are:

- Market risk – this is the risk associated with the movements of an entire market (e.g. emerging markets, US equity markets, etc.)
- Interest rate risk – this is the risk that bond investments carry. When market interest rates rise, bond prices typically fall. The longer the term of the bond, the farther they typically fall.

- Purchasing power risk – clients with very conservative portfolios are at risk for losing the purchasing power of their money due to inflation. Very conservative portfolios typically do a good job of preserving principal, but do not do a good job of keeping up with inflation.
- Investment philosophy risk – SFNW’s survey of literature and white papers has led us to believe that utilizing low cost “passive” investment vehicles will provide a better outcome for clients. There is a risk that the historical market data upon which these studies are founded could be unreliable as a predictor of future results.

Accounts managed by SFNW are not guaranteed and can lose money. Advisors at SFNW work with clients during the process of building and reviewing their Investment Policy Statement to assist them in making the right choices for the amount and type of risk(s) they should take. Additionally, SFNW maintains broadly diversified portfolios for clients in an attempt to reduce the risk inherent to them as much as possible.

## **Disciplinary Information**

As of the date of this disclosure, Skyline Financial Northwest, Inc. and all of its advisors have never been involved in any disciplinary action or event whether criminal or administrative.

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

SFNW, its employees, and its advisors do not have any affiliation with any other financial services firm or provider.

## **Code of Ethics, Participation or Interest in Client Transactions**

SFNW believes any investment advisor worth their title will hold the same investments or investment products as those recommended to clients. As such SFNW owners and employee will at various times have investments in the same securities as those held by clients, which could present an opportunity for a conflict of interest. To prevent self-dealing or the appearance of self-dealing, Skyline Financial Northwest has adopted a Code of Ethics and a set of procedures that provide for transparency and ensure ethical behavior. Specific to trading in securities, the procedure is as follows:

- 1) All securities transactions for client accounts will be done in accordance with the guidelines or goals set out in the client's personal Investment Policy Statement (IPS).

- 2) All securities transactions for Skyline Financial Northwest's private accounts will be done simultaneously with (if the brokerage tools available allow for transaction grouping) or after client account transactions are done for the same security.

Ethical, competent, effective service is of the utmost importance to Skyline Financial Northwest and its employees. Without both the appearance and the reality of such service our business will fail. In acknowledgement of this fact, Skyline Financial Northwest has established a code of ethics to ensure that our service meets the highest standard of fair and ethical dealing. A one sentence summary of our code of ethics and corporate culture is:

"In all things, owners and employees of SFNW will act in a way that puts the clients' interest before their own."

All clients will be provided a complete Skyline Financial Northwest code of ethics upon request.

Language required by the state of California:

*SFNW and its related persons do not recommend, buy or sell for client accounts, securities in which SFNW or related person have a material interest. In general, if a conflict of interest arises, we specifically call it to the attention of our clients, and then give our recommendation.*

*All material conflicts of interest have been disclosed.*

## **Investment and Brokerage Selection Discretion**

SFNW uses Transamerica and Schwab to custody client assets and provide brokerage services for client accounts. SFNW does receive discounts or free products and services from Schwab that it would have to otherwise pay for. Receipt of these discounts and/or free products constitutes a conflict of interest between SFNW and the client. We could have an incentive to recommend a custodian based on our interest in receiving these products and services rather than the best execution in client accounts. SFNW does not receive referrals from any of the custodians we recommend.

The selection and recommendation of Transamerica and Schwab for these services was made after a thorough examination of the available custodial options, and is done wholly based upon the value and quality of services provided by them to our clients. Brokerage charges paid by SFNW clients are at or below published rates for both custodians (i.e. no mark ups). All clients must use Schwab for most account types and only have Transamerica as an option for variable annuities if we are to manage them.

Specific products, discounts, and direct support we receive are:

- DocuSign (Schwab) - free

On a case-by-case basis SFNW may choose to manage client accounts at custodians other than Transamerica or Schwab. In general, we avoid this if at all possible as it creates logistical, administrative, and compliance difficulties. Additionally, working with other custodians may cause the client to have poorer transaction execution and higher costs than if they work with our three designated custodians.

Not all advisors require their clients to use a specific brokerage.

SFNW may or may not aggregate client trades. This will not impact the cost seen by clients in either case at any of our current custodians.

## **Account Review and Reports**

Investment advisor(s) at SFNW review client accounts on an ongoing basis looking at individual security performance and asset allocation. Reviews are conducted at least quarterly. Other triggers for non-period specific reviews are client cash requests or deposits, client inquiry, major market developments, and client life events. The reviews will be conducted by an Investment Advisor from Skyline Financial Northwest using the IPS as a guide for investment policy, and asset choice.

Monthly statements will be provided to the clients from their account custodian (broker/dealer). Skyline Financial will provide quarterly and annual account statements for each account no later than 30 days after the close of the quarter and/or calendar year. In addition, the investment advisor and client will meet annually on or around the investment advisory contract signing anniversary. At this meeting a supplemental annual statement will be provided and reviewed with the client focusing on medium- and longer-term performance, asset allocation, and expenses.

## **Client Referrals and Other Compensation**

From time to time, we may recommend the services of other professional services providers such as accountants, attorneys, real estate agents, mortgage brokers, or other services as may be appropriate. SFNW, its employees, and its advisors do not receive compensation in any form including quid pro quo for these referrals. The professional service providers that we recommend are chosen based on our judgment of their competence, value, personality type, and sometimes geographical location.

SFNW does not directly or indirectly compensate anyone that refers a prospective client to us.

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 advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of



interest are described above (*see Investment and Brokerage Selection Discretion*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Custody**

At no time does SFNW, its employees, or advisors have or maintain custody of client assets. Client assets are held at third party custodian(s). That custodian will provide the client with regular account statements. Clients should compare the statements provided by the custodian to the account statements, reports, and invoices provided by SFNW.

Unless otherwise arranged, SFNW withdraws investment advisory fees directly from client accounts at the custodian. Safeguards for this process are as follows:

- a. The client is sent electronically an invoice in advance of fee extraction.
- b. At the time of fee extraction, the custodian is given an invoice for the same fees.
- c. The custodian sends our clients statements of all transactions in their accounts at least quarterly.
- d. Our clients must authorize in writing said fee extraction at the beginning of our relationship

## **Investment Discretion**

As indicated in the advisory client contract, the investment advisor will have full discretion over both which security and how much of that security to be purchased or sold within a client's account(s), limited only by:

- Any applicable regulation set forth by the state of registration, the SEC, or any self-regulatory organization that has authority over SFNW or the client account.
- The Investment Policy Statement (IPS) created together by the client and the investment advisor representative, and signed by both parties at the commencement of the contract.<sup>7,8</sup>
- The security is in the list of products/securities in the "Types of Investments" section of this document.

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<sup>7</sup> The IPS can be altered at any future date by agreement of both parties.

<sup>8</sup> The IPS is not a contract. The investment advisor may at their discretion choose to deviate from the IPS if they deem it prudent to do so. Deviations from the IPS will be discussed with the client at the next client-advisor meeting.

- The investment is available through the custodian chosen by the client.

## **Voting of Proxies**

The client is responsible for voting proxies on securities held in their accounts. Proxy statements will be sent directly from the custodian to the client. SFNW and its advisors will be available to clients to answer questions regarding proxy issues.

## **Financial Information**

Because of our specific business practices relating to collection of fees and custody of assets SFNW is not required to disclose to the public its balance sheet. A balance sheet is provided by SFNW to the State of Oregon on an annual basis as part of its license renewal process.

SFNW does not require pre-payment of more than \$500 in fees per client, six months or more in advance.

SFNW does not have any financial impairments or conditions that would likely impair our ability to meet our contractual commitments to our clients.

SFNW has not been the subject of a bankruptcy petition at any time.

## **The People of Skyline**

SFNW is in the business of giving investment and financial planning advice, and as such believes that a broad yet detailed understanding of personal finance and investments is necessary to properly advise clients. As a result, all of our advisors have completed studies that are specifically geared toward financial planning, and have at least ten years of private or public investment experience.

**Aaron D. Hillman, CFP®**, age 51, CRD # 5517804

### Formal Education:

University of Portland - Executive Certificate in Financial Planning (2008)  
Oregon State University - graduate studies in electrical engineering (2001-2002)  
Oregon Graduate Institute - graduate studies in material science (1998-1999)  
Oregon State University BSME (1990-1996)

### Business Experience:

Principal and Advisor, Skyline Financial Northwest, Inc. (2008-present)  
Financial Advisor, Cascade Wealth Management (2009-2010)  
General Partner, Quest Equity, LLC. (2006-2008)  
General Partner, OPM, LLC. a rental real estate company (2003-present)  
Electrical Test Development Engineer for Intel, Portland Oregon (2005-2007)  
Research and Development Engineer for Hewlett Packard, Corvallis Oregon (2000-2005)  
Mechanical Engineer for Wacker Siltronic, Portland Oregon (1996-2000)

### Exams Passed:

Series 65 – Investment Advisor

### Registered In:

Oregon, California, Washington

**Kaleen Anderson, CFP®**, age 35, CRD # 7311738

### Formal Education:

University of Portland – Executive Certificate in Financial Planning ((2018-2019)  
University of Texas, M.A. Communications (2010-2012)  
Coe College, B.A. Business Administration & Public Relations (2006-2010)

### Business Experience:

Advisor, Skyline Financial Northwest, Inc. (2022-present)  
Paraplanner, Skyline Financial Northwest, Inc. (2019-2022)

Intern, Modernist Financial, LLC (2019)  
Art Director, various advertising agencies (2012-2017)

Exams Passed:

Series 65 – Investment Advisor

Registered In:

Oregon, California, Washington

**Designation Information**

CFP® or Certified Financial Planner™

- Must have 3 years of financial planning experience
- Must have a minimum of 4-year degree from an accredited university or college
- Must complete a CFP® Board approved educational program covering a course of study about a broad range of financial planning subjects such as: tax, insurance, personal finance, investing, retirement planning, and estate planning
- Must pass the CFP® exam
- Must act as a fiduciary
- Must do 30 hours of continuing education every 2 years including 2 hours of ethics

SFNW does not charge performance-based fees.

SFNW, its employees, and its contractors do not have a relationship or arrangement with any issuer of securities.

**Disciplinary Information**

SFNW, its employees, and its contractors have never been involved in or found liable in any civil, criminal, or administrative action by a court or self-regulatory organization.

**Other Business Activities**

Aaron Hillman – is not involved in any other business activities that are investment related or take more than 10% of his time, or provides more than 10% of his income.

Kaleen Anderson – is not involved in any other business activities that are investment related or take more than 10% of her time, or provides more than 10% of her income.

### **Additional Compensation**

Aaron Hillman – does not receive any form of economic benefit from anyone who is not a client for providing advisory services

Kaleen Anderson – does not receive any form of economic benefit from anyone who is not a client for providing advisory services

### **Supervision**

Aaron Hillman – Supervisor, no one else supervises his activities.

Kaleen Anderson – is supervised through regular audits of her client documentation and notes  
Supervised by: Aaron Hillman